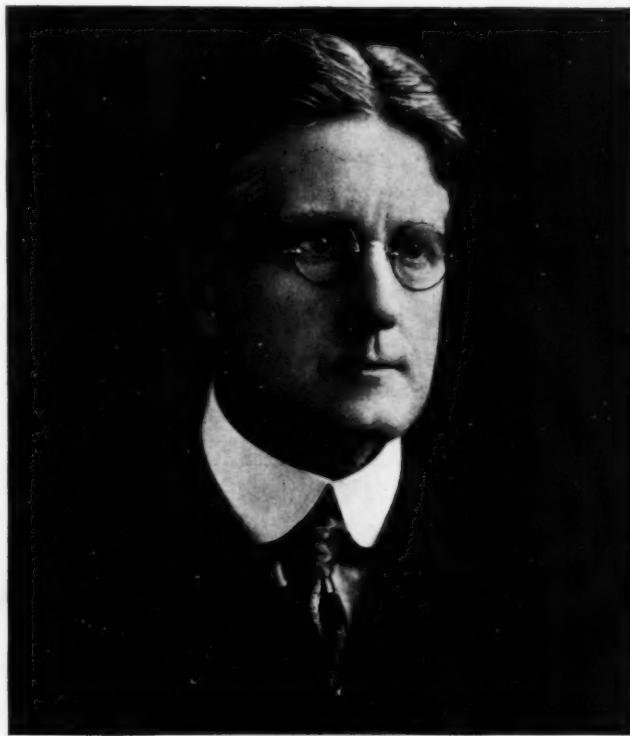


# THE CREDIT WORLD

*The Official Organ of the*  
**RETAIL CREDIT MEN'S  
NATIONAL ASSOCIATION**

*Incorporated*



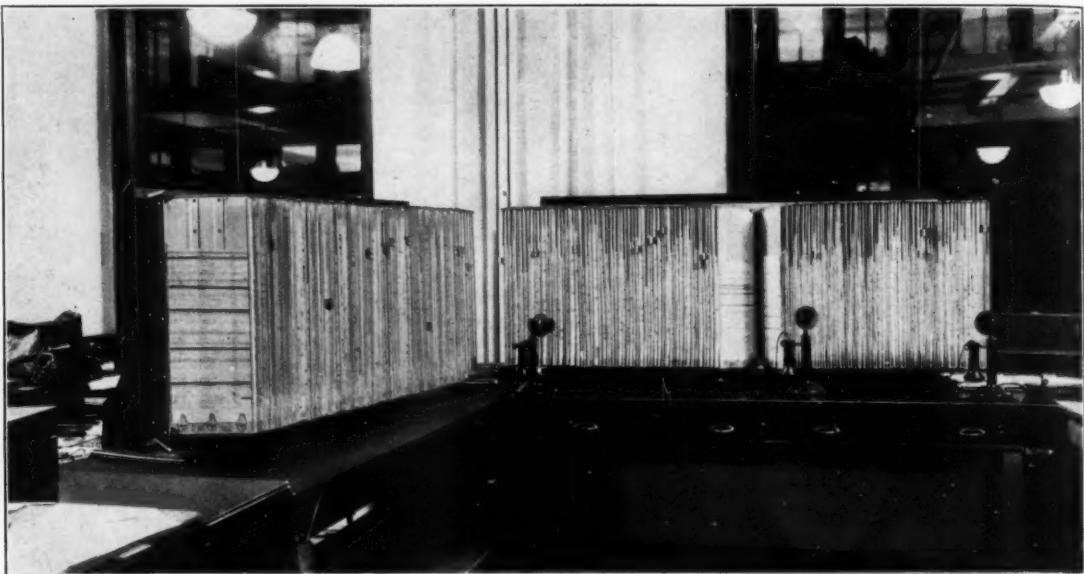
First Vice-President, W. T. Snider  
Scruggs-Vandervoort-Barney D. G. Co.  
Saint Louis



VOLUME X  
NUMBER XII

AUGUST  
1922

Inactive charge accounts are neglected opportunities. Persistent, intelligent solicitation will develop them into active, profitable accounts.



*These two I-V-I Straight Track Units, each 5 feet long, carry entire list of active accounts of this great Toronto store*

## Robert Simpson Company, Ltd., Authorize Credits the INDEX VISIBLE Way—"as quick as a glance"

### Other Users of INDEX VISIBLE

Interwoven Stocking Co.  
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Abraham & Straus,  
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Carson, Pirie, Scott & Co.  
Chicago, Ill.  
The Fair, Chicago, Ill.  
Gladding Dry Goods Co.  
Provident, R. I.  
Hahne & Co.,  
Newark, N. J.  
Hochschild, Kohn & Co.,  
Baltimore, Md.  
John C. MacInnis Co.,  
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Worcester, Mass.  
Kaufmann's  
Pittsburgh, Pa.  
Edward Mallory Co.  
New Haven, Conn.  
Mandel Bros.,  
Chicago, Ill.  
Marshall, Field & Co.  
Chicago, Ill.  
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Boston, Mass.  
Stern Bros., New York  
John Wanamaker,  
Philadelphia, Pa.

BY MEANS of the two Index Visible units (each 5' long) shown in the illustration "charge takes" are authorized in the Simpson Store. The name of the customer is 'phoned by the sales girl to the credit authorizer, who sees instantly on the Index Visible card the address of the account in question, the account or folio number and the credit limit when one has been placed on an account. If the account is clear she authorizes the charge by 'phone (usually as soon as the purchase has been wrapped) and the customer is not kept waiting.

Credit authorization for "charge sends" is made from the original sales slips, which reach the authorizers by the automatic tube system. The sales slips are folioed at the time of authorizing, and this greatly reduces the time required by the bookkeeping department for posting the account.

When an account is temporarily closed for non-payment or any other reason, a bright cherry-colored signal is placed on this card, giving a warning that cannot be overlooked.

Since the installation of Index Visible, the Robert Simpson Co., Ltd., have quadrupled the size of their active list, and yet so speedy, compact and generally efficient is this new system that they have reduced their original staff of authorizers a third.

Faster authorizing made possible by Index Visible means that customers are no longer kept waiting at the counters after their purchases have been made, but may immediately depart, leaving both the aisles and the sales girls free for other customers.

**INDEX VISIBLE, INC., Main Office and Factory, New Haven, Conn.**  
*Sales and Service Offices in Leading Cities*



# THE AGENCY YOU WILL EVENTUALLY USE

## WE PRODUCE RESULTS

**H.G. Bittleston Law & Collection Agency, Inc.**

Suite 1211 Citizens National Bank Building  
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*"We get the coin — we pay"*



**Southern California Service**

60563



One of the National Electric Credit System charge phones, showing charge slip inserted ready to be stamped O. K. from the authorizers' board.



The authorizers' switchboard in The Hub Store, Baltimore, Md.

## Two authorizers, twelve thousand accounts, instantaneous service.

With the National Electric Credit System only two girls are necessary for the authorization of credits on more than 12,000 accounts in The Hub Store, Baltimore.

Moreover, the service these girls give is, to use the words of the credit manager, "practically instantaneous!"

The Hub Store operates a sixty-line switchboard with twenty-five charge telephones, so that in a few seconds a salesperson or wrapper in any part of the store can get an O. K. upon any customer's credit.

This fast service pleases customers and assures The Hub Store complete control on its charge business.

**NATIONAL  
CASH REGISTER CO.  
DAYTON, OHIO.**



# THE CREDIT WORLD

Official Organ of the



## RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

DAVID J. WOODLOCK, *Editor*

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## EDITORIAL

### OUR SUCCESS

The success of the Retail Credit Men's National Association depends upon its constant growth in numbers, so as to broaden its field of endeavor, increase its co-operation, provide funds with which to assist in the organization of Local Associations, and development of a National service in stopping the abuse of Credit.

Each of our 10,000 members should be on the alert and constantly preach National Association, encourage retailers with whom they come in contact to join our ranks. If each of our members would secure only one new member it would mean a National Association of 20,000 and an increased revenue of \$50,000.00

Let each show the Faith that is in us by going out during the next thirty days and securing one new member—if not in your own city, then in some neighboring town.

Retailers are highly indignant over the article written by William G. Shepherd, appearing in *Collier's Weekly* of August 5.

Mr. William Nelson Taft, editor of the *Retail Ledger*, has gone after Mr. Shepherd with a sharp stick and challenged several statements regarding the enormous profits being made in clothing and men's furnishing business. We cannot understand why some people insist upon abusing the retailer, who really is the greatest factor in civic advancement.

Mr. M. T. Coogan of Sioux Falls, South Dakota, who served two years as our State Chairman and made wonderful record by increasing the membership in South Dakota, has resigned his position with Shriner-Johnson Co., to become Field Manager of the Sales Audit Corporation, suites 818-819, 30 Michigan Blvd., Chicago, Ill. He was one of the organizers of the Company and his years of retail experience and accounting ability have enabled him to develop an excellent system for the auditing of sales and detecting discrepancies and frauds.



MISS E. M. FLEMING

The accompanying photograph is of Miss E. M. Fleming, Credit Manager for the W. H. Lyman Company, of Kewanee, Illinois one of the oldest and largest establishments in that section of Illinois.

Miss Fleming has the distinction of being the first woman Credit Manager to attend a Convention of the Retail Credit Men's National Association. She joined in 1913 and made her first appearance at the Convention held in St. Louis in 1914, and she has not missed one since that date.

While Kewanee boasts of but one member, Miss Fleming, she is 100% loyal to the National Association. We doubt very much if there is one in our entire membership who derives more benefit or who is more consistent in attendance upon the Convention Sessions and Group Meetings. She is always to be seen, notebook in hand, promptly upon the convening of the Convention Sessions or Group Conferences. Owing to a very retiring disposition, the lady has deprived the members of valuable information by repeatedly declining to appear on the program. The Credit World is justly proud of our first woman member.

### WHAT DO I GET OUT OF THE NATIONAL ASSOCIATION?

This is a question often asked, and we reply: Each member gets out just what they put in it. If you are active in helping fellow members, then they in turn will assist you. You might as well ask what do you get out of your church affiliation, your Chamber of Commerce membership, your lodge or any other association.

In all of these you are banded together to make the world a better place to live in, to improve civic affairs, to work for the uplift of moral and social conditions.

Just so with our Association—you are a member of the only organization working to help the retailer along credit lines; to promote prompt payment, encourage good credits, assist in locating the "Skip," exchange ideas on office systems, warn each other of undesirables, stop the fraud and bad check passer; to teach the credit seeker that credit for merchandise is a trust reposed in him, just as sacred as his note at the bank, an obligation that should be met just as promptly.

Those who are most active in our affairs never ask "What do I get out of this Association?" They realize the Association is just what the individual members make it, and no matter how brilliant or gifted the officers, they cannot make this Association worth while without the aid of each individual in it.

We do not claim to have reached the acme of perfection. Far from it. We are still in our infancy, we have much to learn and much to do before we will be the ideal Association pictured by our founders, but just as a child must learn to stand before it can walk, just as it must learn to walk before it can run, we are step by step and year by year adding to our service and usefulness, so that when we have enrolled twenty thousand retail merchants we will be looked upon as the most useful of all commercial and business organizations.

Individual members in a city should get together and organize a Local Association, holding regular meetings, then they will

realize the greatest benefits from co-operation.

Inasmuch as none of us are perfect, please do not expect to find perfection in our individual members, your local officers or your national leaders. Constructive criticism is good and helps correct many faults, but DON'T look for an unworthy motive in everything with which you do not personally agree. Don't be a carping critic, believing that all our members are actuated by a desire to build an association of retailers of which we can all be proud.

#### THE NEED FOR PROMPT RECIPROCITY BETWEEN THE CREDITOR AND THE DEBTOR

Extract from an editorial in the Birmingham, (Ala.) News.

Merchants who sell goods either to those who have no cash to pay at the time of purchase or others who prefer to pay by the month must have their definite income regularly to meet expenses. Rents, clerk hire, insurance on stocks; these items cannot wait. Regularly as the month, or the week, rolls around, there must be this unceasing outgo.

Glance over your bankruptcy lists. Most of them are merchants—merchants whose kindness of heart led them into placing too much faith in the honesty of their clients. And not so much the dishonesty of poor clients, but rather the long delay in payment by clients who might have paid—clients whose co-operation regularly might have saved them from financial disaster.

Every once in a while you hear tales of merchants turning over to shyster lawyers the accounts of poor people, and of those legal representatives stripping the homes of poor folks of purchases for which they failed to pay.

There are more great-hearted merchants, in the credit business than there are of the grasping, undesirable sort. There are precious few merchants in Birmingham that refuse to lend ear to the tales of distress when told by those honest patrons who find themselves in hard lines. Merchants can plumb the depths of clients' minds. They know the true from the false. They have been educated in the school of Human Nature. When they discover the will to pay, even amongst the lowliest and the humblest of their risks, they make extensions.

Actually, it is not these to whom the campaign of education is directed. It is to those

careless patrons who, living in affluence, let the months pass without meeting their obligations. It is to the men and women who think of their creditors and their real servants last they would bring this new word about co-operation.

It is a word by which the whole fabric of human society may prosper. To live and let live. To pay to the man who has advanced you. To practice absolute reciprocity whenever it is humanly possible to do so.

**All members who have Credit Department Forms Albums will kindly return same to the National office as soon as possible.**

#### DEPARTMENT STORES WARNING

A man described as 5 ft. 10 in. tall, weighing 185 lbs., round, dark, smooth shaved face, dark hair, athletic build, has cashed checks in a number of large stores, representing himself as W. J. Filene of Wm. Filene Sons Company of Boston; is very familiar with department store work and the names of the store officials.

#### POSITION WANTED

Executive position wanted. Seven years' experience as Superintendent, Employment Manager, Credit and Collection Manager, Office Manager and Systematizer. 36 years of age. Energetic and capable—possess initiative, tact and the ability to handle a vast amount of detail.

Address D. D., c/o Credit World.

#### DETROIT ASSOCIATION HONORS AHL

On July 21st the Associated Retail Credit Men of Detroit gave a Dinner Dance at the Masonic Country Club in honor of National President David W. Ahl. The affair was very enjoyable. An excellent dinner was served, followed by dancing until midnight. Mr. Ahl, in a to-the-point talk, asked the co-operation of all his associates in making his administration successful.

**"36 ACCOUNTING Problems Solved by C. P. A."** Cloth bound, loose leaf, new, original, up-to-date, valuable. Prepaid \$1. Walhamore Company, Lafayette Building, Philadelphia, Pa.



#### MISSOURI'S STATE CHAIRMAN STARTS A STATE-WIDE CONTEST

E. B. Heller, immediately upon being appointed State Chairman for Missouri, began a systematic organization of the State, with a view to producing more members than any previous year.

He has appointed a Vice-Chairman in every city where there is a national member, and has opened correspondence with a merchant in every city where there is not a national member.

To stimulate the workers and to inject interest into the campaign for new members, he personally has offered three hand-some trophies to be awarded as follows:

1st—A trophy to be contested for by St. Louis, Kansas City and St. Joseph.

2nd—A twenty-three-inch silver vase as a first prize to the Vice-Chairman securing the greatest number of new members outside of the three above cities.

3rd—A silver loving cup to be awarded to the Vice-Chairman who produces the second highest number of new members outside of St. Louis, Kansas City and St. Joseph.

This contest should produce results. Mr. Heller is a firm believer in organization and systematic work. If his plans work out, Missouri should again head the list.

Incidentally speaking, Missouri's State Chairman has personally secured twenty new national members since his return from the Cleveland convention.



# THE CREDIT WORLD

August, 1922



## Report of Fraudulent Bank Check Committee

Appointed After the Convention at Houston, August, 1921

By A. D. McMullen, Chairman, Oklahoma City, Oklahoma

Mr. President and members of the Retail Credit Men's National Association:

Ten members of the Association were appointed on this Committee by your President following the Convention at Houston last year, who have been in very close touch one with another since that time, exchanging views and ideas for the purpose of decreasing fraud by check.

The members of your Committee feel that practically every phase of the subject has been covered in former reports, particularly in the report of Mr. Nelson, made at Detroit in 1920, in which the members of his Committee made twenty-one specific recommendations to the membership, covering the situation most completely. The report last year at Houston shows that excellent results were accomplished as the result of the 1920 report, and that credit men and merchants are constantly using greater care in identification than formerly.

Practically every merchant owned or privately owned Association bureau issues a bulletin of some kind which carries warnings to the members and associations in their locality. These bulletins have been the means of doing a very large amount of good in not apprehending some of the offenders, but for the purpose of keeping before the merchants and credit men the constant reminder that it is necessary to be on guard against fraudulent checks at all times.

The National Office during the past months has sent an average of ten telegrams per month to the associations of check warnings and the weekly bulletin has carried an average of sixty-eight warnings per month. While the National office has been informed of only a very small percent of the apprehensions since our last Convention, yet publicity has been given out to the effect that an average of eighteen artists were apprehended and came to the attention of the National Office.

Every effort has been made by the National Office to give protection to the entire membership but particular stress has been placed upon warning the local organization

Secretary in order that they in turn may warn their members against fraud operators.

Your Committee feels that the features of their report are confined to the three principal headings as follows: "Bulletin Service," "Method of Notification" and "Publicity". Your Committee feels that when these three general headings are covered in detail that each local organization will have accomplished something for protection.

In submitting to you our report, the Committee feels that they can best serve the membership by giving them the details of the plan for combating fraud and check artists in their individual localities with an idea that such localities that do not at present have such a plan of protection may be able to select an idea and put it into practice locally for the benefit of their membership. We wish therefore to submit the ten local plans from the localities represented by the ten members of this committee.

In Cleveland, Ohio, the system of handling checks presented to be cashed is not complicated and does not involve a great deal of work but is bringing excellent results. It is now practically impossible for a professional check writer to clean up in Cleveland. When any store cashes a check to the amount greater than \$15.00 and said check drawn on an out of town bank and found to be fraudulent, immediate notification is given the Credit Bureau. At the Credit Bureau an operator is delegated with the duty of taking care of check information only. Such operator telephones all other stores connected with the bureau and advises them that this fraud check has been cashed. Information is therefore on hand at every store awaiting a visit from the imposter. In one store in Cleveland during 1921 there were ten forgers apprehended and convicted through this method.

In Cleveland it is the custom to have checks cashed only at one place in the store and even in the larger stores the privilege of O. King checks is given only to a very few employees. Insufficient checks on which Cleveland stores are unable to make prompt

collection are turned over to an attorney for collection and to the association bureau for record. This method has weeded out many, many habitual insufficient check users.

In Shreveport, La., co-operation with the Police Department is a very large factor. A detective agency of that city being allowed to handle bad check operations and also in collection of insufficient fund checks. One of the features of the agency service is that of local bulletins which give details of check operations together with facsimile of the checks put over. The Shreveport method is said to be proving very effective. They feel that the value of the bulletin service cannot be estimated as it is a constant reminder to the merchants and credit men that fraud and check artists are still in our midst and obtaining money by false token.

The Detroit, Michigan, plan of operation is very extensive and said to be very effective. Detroit relies quite largely for identification upon automobile license cards, lodge cards, etc., or where personal references are given, they ask the party referred to, to describe the person giving the check. They pay particular attention to insufficient fund checks, information being spread to the other stores, which is worth the effort. Detroit is a firm believer in publicity regarding fraud check operations and each time that a crook is apprehended, all possible newspaper publicity is secured.

Another point of benefit received by the Detroit members is that of complete co-operation with the Police Department and Prosecuting Attorney's office. The laws of Michigan are somewhat favorable to the collection of checks and representatives of other cities would do well to interest themselves regarding the details of the Michigan law. Due to the construction of the Michigan law the Detroit members have adopted a policy of notifying insufficient fund check writers, enclosing a copy of the bad check law which produces the desired result.

Detroit also recommends a store protection

organization which in their city serves them both as regards to bad checks and shop lifting. Some of the stores of Detroit have made a practice of taking checks of a questionable nature immediately to the bank to be certified or cashed. They recommend obtaining the very close cooperation of the local banks for the purpose of apprehending and prosecuting bad check passers. Detroit further suggests that it might be well for members of other associations to look into the new insurance policy covering alteration or forgery of checks.

The plan at Sacramento, California, dwells especially upon the close cooperation of the clearing house, each member being permitted to notify members of all bad checks reaching that individual bank. This excellent cooperation prevents a fraud check operator from pursuing his practice more than one day. It is a custom at Sacramento also to publish a weekly bulletin giving fraud check warnings. The Sacramento member suggests that the report carry a special message to the members to discourage the cashing of checks for strangers not completely identified.

The Denver plan was very ably discussed by our Committee member at the Houston Convention. The Denver Association takes an especial pride in apprehending check artists and works under the following plan; first, to establish identification of the operator, find out how he works, etc., and then immediately spread the information among the members. They give the case the broadest sort of publicity both locally and by notifying organizations out side of the city. Denver advises that the success of their plan depends altogether upon the sort of cooperation received. If the members report quickly then the office is able to get busy before the operator really finishes his work on the street. The Denver member reports that the results or apprehensions are quite large. He states also that the banks are beginning to cooperate and are notifying the office of suspicions coming to their attention daily.

In Omaha a bad check bulletin is sent out to the membership, twice a month for permanent record. Their apprehension method is that as soon as a check is returned to the firm from the bank, the firm telephones the Bureau the name of the signer, the bank on which drawn, the amount of the check and the bank's reason for not honoring same. This information is immediately given the members over the phone and is then placed in the next issue of the permanent record bulletin. The Omaha member recommends that firms call on the checks prior to their being accepted, stating that it has been proven beyond a question of doubt that fifty per cent of forged checks would not be accepted.

At Fort Wayne, Indiana, members are expected to report all foreign checks, not

having conclusive identification. The bureau receiving more than two calls during the same day on the same check immediately wires the bank to ascertain if such an amount and account is correct. If incorrect, notice is given the members and the local police. This plan is said to be very successful and has been the means of decreasing the check evil.

The plan of check warnings in and around Aberdeen, S. D., is that all the local associations in the State telephone members immediately when a check artist has been discovered. Our member at Aberdeen lays considerable stress upon the unwillingness of the merchants to prosecute when there is any possible chance of recovering the money. He suggests that the Associations throughout the country urge that members prosecute in every instance rather than settle the case by payment of the small fraudulent check. Local bulletins are used in all parts of South Dakota to warn one another of fraud and check artists and no expense is spared in urging that the telephone, telegraph or special delivery letter be used when the occasion warrants.

The plan in Oklahoma City is similar to other plans in various sections of the country, that of an arrangement with the majority of the banks to advise of fraudulent checks and operators and a system of phone warnings to the larger stores especially in the down town district. Weekly bulletins are issued giving information pertaining to frauds and items reprinted from other bulletins where it is thought that the operators might possibly pay a local visit. Due to the meetings of the Credit Men's Association weekly, at which time fraud and insufficient fund check information is spread freely and other forms of publicity, the check evil in that city has materially decreased.

In Pittsburgh, Pa., they are just now introducing what they feel will be a very successful method of apprehending check artists under their "Katch Krooks Kwickly" plan. Under this plan, a blank is first sent out to each member asking that he or she cooperate to the extent of notifying from three to five other members at any time upon call. Under this plan the Bureau notifies a certain number of members who in turn notify their regular list of three or five additional members and these members in turn notify others which makes an endless chain and spreads the information over the entire membership in less than one hour's time.

The method is said to be one that works out splendidly and where the chain of notifications is not broken every member within a very short time has the bureau information with very little time being taken up by an individual member. This method of notification is of course followed up by bulletin service and in each notice, either phone or bulletin service, a complete description

so far as is practical is given each and every member.

It has been interesting for your Committee to learn that at Phoenix, Arizona, the association last month reported a personal pleasure of sending thirty-two bad check artists to the penitentiary and having five in addition in the local jail awaiting trial.

In summing up the plans of operation or methods of giving the members protection in various cities listed, we again call the attention of the membership to the fact that protection depends entirely upon the method of quick notification, an efficient bulletin service and complete local publicity on apprehensions.

Your committee feels that the former recommendations regarding the fund for National Apprehension and Prosecution of check artists be still held in abeyance and put into operation at such time as the finances of the association will permit. Your committee feels that it is necessary for the National Association to pursue prosecution in many cases.

Your Committee recommends that each and every local association pursue or perfect some plan of concerted action similar to one or more of these herein enumerated for the benefit of protecting themselves and the merchants against the amateur or professional fraud operator.

Respectfully submitted,

A. F. Henning, Sacramento, Calif.  
Geo. L. Mathias, Detroit, Mich.  
Chas. H. Fisher, Cleveland, Ohio.  
Jas. W. Metcalfe, Omaha, Nebr.,  
V. H. Lodde, Fort Wayne, Ind.,  
Jos. H. Zelch, Pittsburgh, Pa.  
R. F. Morris, Shreveport, La.,  
E. U. Berdahl, Aberdeen, S. D.  
C. M. Reed, Denver, Colo.,  
A. D. McMullen, Chairman, Oklahoma City, Okla.

A very good suggestion was made to the National Office by Mr. Gabe Hausmann, of New Orleans, when he visited the National Office on his return from the Cleveland Convention, and we are passing it along to our members, especially Bureau Managers and Secretaries, as we feel it will be a great help in obtaining information on parties moving from one city to another.

"The National Office would greatly appreciate receiving the Telephone Directory of every city; this will assist us materially in obtaining information on parties we are endeavoring to locate for our members."

6 DIFFERENT BUSINESS PUBLICATIONS covering Accounting, Advertising, Administration, Merchandising, Salesmanship and Taxation all prepaid only 25c. Value \$1.50. Instructive, educational, practical. Walhamore Co., Lafayette Building, Philadelphia, Pa.

## Aspects of Installment Collections

By Harry Goldman, Collection Manager  
The Samuel Stores, Inc., New York

Probably up to a few years ago the installment clothing business was still in its infancy. It is unnecessary to dwell on the "dark ages" of this business when it was considered, among other things, an excellent policy to brow-beat the customer by any legal (?) methods in order to collect an account, with no thought being given to future good will.

Unfortunately it is still true that there are some concerns which advocate the "Hound the Customer" policy, but they are rapidly dwindling and being supplanted by the modern installment companies which believe in the practice of catering to the customer's every whim and need. This friendly attitude is a considerable aid to the modern methods by which the installment clothing business is today being conducted.

The first credit stores were installed in third floor lofts dimly lighted and difficult of access, where the unwary customer tremblingly entered, not knowing what he might encounter here. Today we have large individual stores occupying several floors, and chain stores operating throughout the country with the most up-to-date store fronts, fixtures and lighting systems, let alone the most enlightened store policies.

As far as collections are concerned the installment clothing stores are operating under systems and methods which enable the various units of the collection departments to function rapidly and with the least effort to accomplish results. Yet with all these gains on the infancy of the installment business, we are still backward in one important respect, and that is the apparent lack of desire on the part of the many installment stores in the various cities of this country to work together to overcome the greatest menace to their business—The Skip.

There would be no installment stores in existence in this country today if the element of chance or risk did not play an important part. In other words, if you were only to sell the accounts that you knew were certain to pay, you would not be able to build up very much of a volume. It follows that you must sell a certain percentage of so called risks who from your experience appear worthy of a chance. Naturally some of these "Doubtful" accounts turn out to be "Dead Beats" and teach you a further lesson in the extension of credits. Then in addition you have a certain percent of accounts who "Skip" town. This percentage varies with locality and your policy of extension of credits. Many of these "Skips" are never located again, since in this battle of wits—



HARRY GOLDMAN

as I call this end of the credit business—you have been out-maneuvered. On the other hand, however, many of these "Skips" are located and many times in cities miles and miles away.

It seems to me that it should be a comparatively easy thing to turn accounts over to other credit stores located in the other cities where these "Skips" have gone to, in order to collect these accounts. Yet this difficulty exists with a great number, or in fact the majority, of credit stores in these cities other than where you are located, who show no interest or desire to assist you in collecting these accounts.

As stated in one of the previous paragraphs, the "Skip" is the greatest menace to the prosperity of the credit business. It should be our endeavor, therefore, to eliminate this menace. If these chronic "Floaters" or "Skips" should be impressed with the fact that they can be traced when going to other cities and their bills collected, I believe that we can greatly alleviate this problem. There are a few stores and companies in the installment business which do co-operate to the extent of collecting other stores' accounts and making it unpleasant for the "Skips" who go to other cities.

However, this percentage is so small that the problem still exists and the "Skip" leaves town with practically no fear of being pursued for his debt. Undoubtedly agencies other than credit stores are of some material assistance in collecting accounts, but after all they cannot give the attention to installment accounts that the installment stores can give. Occasionally you will find in the city good agencies or collection agents who are willing to collect for you, but after all the profit is so small

70,000 Business Houses  
Save Money With  
**KARDEX**  
Cards in Sight  
Tonawanda, N.Y. Branches Everywhere

for the time that has to be given that it hardly pays them to bother.

Admitted then that there is no profit in collecting on "Skips" for another store. But there is a future profit for the store in the fact that the management knows that the "Skip" will become less and less a menace as he is impressed with the fact that wherever he goes he will be pursued relentlessly by the installment stores in his new domicile. Therefore if the installment store receives an account from some other company, and is asked to try to collect the account, he should go to it as if he were collecting on one of his own accounts. Then when you have collected the entire balance, you will know that you have shown one "Skip" that he cannot try this trick on someone else.

This is only one phase of the installment clothing business that needs modernizing; there are some other phases that you can undoubtedly think of. However, one of the greatest strides in modernizing the installment business will be reached with the "Skip" as a minor evil in collections.

**500 Things to Sell by Mail**  
Remarkable new publication. Workable plans and methods. Loose-leaf, cloth binder. Prepaid \$1.00. **Walhamore Company, Lafayette Building, Philadelphia, Pa.**

## "Doing the Unusual Thing"

By W. G. Van Schmus  
of Dyer Advertising Agency, New York

One day, a great many years ago, a thorough-going business man and merchant, whose credits and charge accounts were entrusted to my youthful discretion and care, made a very trite and pointed remark which I have never forgotten, and never shall. I suppose that some day someone gave him the same "shot in the arm" and he later passed it on to me. And I, in turn, pass it on to you with the hope that it may serve to help in the day's work. He said, "Young fellow, anybody can do the usual thing. It is the man who can do the unusual thing that counts most."

Thoughtful consideration of that remark makes any further comment on my part seem quite unnecessary, and I might, perchance, with profit sit down and consider I had said my piece. However, your Chairman evidently expects some further contribution from me and I shall endeavor to apply the principle of doing the unusual thing in business in a general way first and then more particularly as it relates to the credit men of that branch of our American commerce, the retail trade.

It would be interesting to know just what pops into a man's mind when he hears that phrase, "Doing the Unusual Thing." The chances are he thinks of just two things, geniuses and freaks. There's little use in discussing geniuses. A genius is born and not made. Now when it comes to freaks, there's no question about it, freaks are certainly people who do unusual things. That's the way they got to be freaks. Every home town seems to have its own particular brand. The ordinary man isn't much worried about becoming a genius, but he does shy at the idea of being considered a freak. Some men never do an unusual thing in their whole lives because they fear being called freaks.

Doing the unusual thing in the sense I have in mind does not involve being a freak; on the contrary it means the application of our God-given powers to the very limit of our ability, never failing to see the opening of an opportunity to do the thing in hand better, in a fundamentally sound way, than anyone else, anywhere, at any time, ever did it before. But more and beyond that to advance the business profession, craft or whatever endeavor of life which may engage us, to a higher level by having the vision to see opportunity and paths and openings others cannot see or fathom.

In almost everything we do in business, in life generally, we act without eyes or head. We walk blindly in the path that another has made and never ask why the path was so made. That which is most obvious we

never see. The exceptional man sees the obvious and after he has made a success someone rises to remark, "Why, anyone could have done that."

In this world you can't stand still without going backward. You remember that delightful old fairy story, "Alice in Wonderland."

Alice and the Red Queen were running and Alice complained that they didn't seem to be getting any place. "No, my dear," said the Red Queen, "in this country you have to run hard just to keep where you are."

A good many men today aren't getting anywhere and they wonder why. They go along in the beaten path year after year doing things just the way somebody else did them, copying other people's ideas, imitating other people's methods. They build no great bridges, they develop no great industries, they inspire no great movements. They're following all the rules of the game. They remember the good old saying they used to write with painstaking flourishes in their copy-books, "Honesty is the best policy." And that time-honored proverb, "Nothing is gained save by hard work."

They know those rules are good. No man does succeed very long who isn't honest, who doesn't work hard. But they're overlooking the one important thing. No man succeeds in a very big way or for very long who hasn't the capacity to think for himself. There are so many men with ability and so few know how to use it. By overlooking that one big important ingredient of success, they meet life only half prepared. They are like the man whose house caught on fire in the night. His wife hurried around to gather up their valuables. "Now be calm, my dear," he kept saying. "The rule in case of fire is to keep calm. See how calm I am."

And to prove it he carefully tied his shoestrings in neat bows, buttoned up every button on his coat and vest, adjusted his tie, put on his hat at precisely the right angle, draped his overcoat over one arm, picked up his gloves and cane, and led the way out in a calm and dignified manner. When they got outside, his wife looked at him in some surprise. "But my dear," she said, "I can't see, if you were so perfectly calm in following all the rules of what to do in case of fire, how did you happen to forget your trousers?" (Laughter.)

The man who observes all the rules of business but the important rule, doing plenty of thinking for himself, often makes himself just as ridiculous.

Let us consider for a moment some of the

men who are doing or have done the unusual thing and then make the application. History is largely the story of the doings of doers of unusual things. Perhaps one of the first names in the business world that comes to mind is that of Henry Ford. Although Ford has been a front page attraction in the newspapers for years, a careful analysis of his business shows something more than publicity "stunts" behind the unusual moves he made. As a matter of fact, those moves were undoubtedly all the better publicity because they were sound business policies.

At the time Ford first started making automobiles, every automobile manufacturer in the country was trying to please the customer by offering him a variety of styles and colors. Custom built bodies were almost as much the rule as they later became the exception. Suddenly Ford announced that he was going to make just one model of a design that would suit the requirements of the largest number of people and sell it at a price that would suit the largest number of pocket books. This was indeed a radical departure from the accepted method of doing things. Its success has been too obvious to need comment. Concentrating on one thing, one learns to do that one thing well. Out of that policy of Ford's grew the remarkable labor-saving machinery and repetitive processes of Ford's factory today.

It ought to be added that Ford did not make the mistake of leaving the beaten track just to get into a little rut all his own. He has kept his policy flexible, changing it in detail as the times demanded. He has likewise required a certain flexibility of mind in the men who hold responsible positions in his plant. Beaten track minds he considers out of place even in the under officers of a live and going concern.

Another example in an entirely different field of a man who sensed what the people wanted and broke away from the beaten track to give it to them, is Adolph Zukor. It is hard to realize that ten years ago people had begun to tire of movies. As a novelty they had ceased to attract the crowds. Even hair-raising stunts failed to bring full houses. Old show men shook their heads and announced that the end of the movie craze had come. Zukor didn't believe it. The screen had been a plaything up to date, it had never been tried as a serious medium of dramatic art. Yet therein, he believed, lay its real future and he spent what seemed then perfectly foolish reams of money to prove it. No cheap, makeshift movie house would do for him. He insisted on the dignity and comfort of a real theater. He engaged actors of genuine dramatic ability. His attempts to get stars from the legitimate stage were mostly vain; no star wanted to risk a good reputation by appearing on the silver screen, so low were movies then in popular esteem. As for plots, the problem of getting good plots of high moral and artistic standard is serious enough today to

give us some appreciation of the difficulties Zukor found when the whole venture was new.

The rest of the story is current history. People are flocking to the movies today more than ever. And likewise contrary to the old showmen's pessimistic beliefs, the public will support good drama as often as it gets the chance.

The question of merchandising, whether of automobiles or movies, is largely based on finding out what people really want and giving it to them. An appreciation of that fact made A. T. Stewart the first outstanding success in the dry goods field. Women did most of the buying, he noticed. They bought a great variety of things and they had to shop all over town to find them. A. T. Stewart proceeded to bring a wide variety of merchandise under one roof, giving the women of New York their first great modern department store.

John Wanamaker was still a young man and practically an unknown dry goods merchant in Philadelphia when he started the merchants of the country with his famous slogan, "One price, always and forever, and your money back if not satisfied."

The one-price idea is so firmly fixed now that we can hardly imagine the sensation that announcement caused. You go into a store today and ask the price of a shirt. The clerk says, "Five dollars."

If you don't want to pay that much, you ask to see a cheaper shirt. But it doesn't occur to you to try to persuade the clerk to let you have that \$5.00 shirt for \$3.50. In the old days you could have bargained over it.

John Wanamaker was the first to sense the fact that people were tired of bargaining over every piece of merchandise they bought. By "one price" he did not mean that everything in the store was to be sold for the same price, but that every article would have its own definite, set price, over which there would in future be no haggling. This meant a cheaper price to the customer, incidentally, as the merchant naturally put his prices high when he expected his customers to try to beat him down. The one-price idea promptly swept the country. We forget, today, that goods were ever sold on any other basis.

The faculty for observation is perhaps a chief characteristic of most of the men who have found the way out of the beaten track. You might go farther and call it conscious observation. Thousands of people have dodged trucks in the streets of New York. Irving T. Bush did more than dodge them. He asked questions about them. Where were they coming from? Where are they going? Why so many in certain districts? The answers were not hard to find. Trucks plied from factories to warehouses, from warehouses to docks and railway stations and back again. "Why not have them all to-

gether?" said Bush, and accordingly "Bush City" came into existence in South Brooklyn, a grouping of docks, warehouses, factories and railroad terminals in one section, effecting a tremendous saving of the time and cost of needless transportation.

Again, William S. Burroughs wasn't the only bank clerk who yawned over long columns of figures and lost his temper when they didn't come out right. But other clerks got sore about it and went on adding figures just the same. Burroughs got sore and invented the adding machine.

Henry M. Flagler is so well known as the man who developed Florida that any detailed account of his work seems unnecessary. Only a man accustomed to doing the unusual thing could have had the courage to carry out the plans he made or to conceive those plans in the first place.

His great hotels, his railroads, his remarkable Key West Line stand today as monuments to his memory. But Flagler did not start life in any position to finance railroads on palatial hotels. As a young man, he managed to acquire a small oil refinery and worked long and hard to make it pay. Like many others, however, he wasn't content to shut his mind to what went on outside his own organization. He wanted to know who his competitors were, how many there were of them, what they were doing.

That was in a day of cut-throat competition. Cooperation was practically unheard of. These men did the unusual thing. They ceased to be competitors and combined. Without entering at all into the question of trusts and monopolies, the note of cooperation these men sounded taught the world of business a graphic new lesson.

Cooperation in business is a policy E. H. Harriman, too, understood better than many of his contemporaries. He saw little railroads all over the country going bankrupt through wasteful competition. Harriman reorganized these and consolidated them, forcing these numerous little warring systems into some semblance of unified effort and service.

Most interesting, in connection with railroads, is the history of James J. Hill. You think of Hill now as a great railroad magnate. Yet there are a good many men here today who have more capital than he had when he bought his first railroad. Hill saw its possibilities and got three other men to see them too. Hard work on Hill's part made the road pay. Hard work made the bigger railroad system he came to control in after years pay too. "Give us the chance," people say. "We'll work hard enough. Just give us the chance."

James J. Hill gave himself the chance. He saw the opportunity and he took it. He did the unusual thing.

People see a man or a group of men succeed in one particular way and too often

they imagine that one road to success is the only one open. Andrew Carnegie started with the railroads, too. But his path to fame and fortune was quite different from Harriman's or Hill's. Railroad bridges were made of wood, in Carnegie's early days, and they gave considerable trouble. Half the popular tales of heroism in that period dealt with the rescue of passenger trains approaching such bridges when the bridge had caught fire or been washed out by a flood.

Carnegie went to England to investigate the possibilities of steel bridges. The Bessemer process had just been invented. It made the manufacture of steel for the first time possible and practical on a large commercial scale. He came back home convinced that his railroad ought to have steel bridges, in which case he would have to manufacture the steel.

Carnegie probably didn't think of that as an unusual step. It was just the logical, sensible course to follow. That is usually true of men who do the unusual thing in the achievement of success. After that, Carnegie became identified with steel and the great bulk of his fortune was built on steel.

Just here, perhaps, one ought to note that "Doing the Unusual Thing" doesn't necessarily mean shifting your job. J. Pierpont Morgan stayed in the banking business all his life, and his father was in it before him. Morgan found enough opportunities for success right in the business he was born in, so to speak. Other bankers' sons started life with the same chances Morgan did. Not one of them achieved Morgan's power in the financial world. Tremendous as were the deals Morgan planned and carried through in the course of his long and active career, after all, the one biggest unusual thing he did was to set an example of a rich man's son going in dead earnest to work. Most people are born lazy. They don't see the unusual thing to do because they don't want to see it. It might mean work. Their backbones are all wishbones.

"But success comes harder nowadays," you hear people say. "Rockefeller and Carnegie and the rest couldn't make their fortunes that way today."

Of course not. Not in the same way. Somebody else would have already done it. Somebody else would have manufactured the steel and developed our oil fields. Yesterday was yesterday and today is today. But who said success was so much easier yesterday? Lots of people managed to stay poor then, the same as now.

I suppose the Vanderbilt fortune seems about the most shining example of easily acquired wealth. Who couldn't be rich today if their ancestors had been thoughtful enough to buy up large slices of Manhattan? But the point is, most of our ancestors didn't. What's more, they laughed at old Commodore Vanderbilt when he did it. It wouldn't take much brains today to buy New

York City real estate at a few dollars an acre, if you could get it. But it did take brains in Commodore Vanderbilt's day, brains and foresight and the courage of your convictions. It was an unusual thing to do.

Having cited these outstanding successes so familiar to all, let us now consider two points: First, that this very day in every legitimate human endeavor will be found men doing the unusual thing who tomorrow will be the leaders and whose fame will equal and exceed those just mentioned.

Second, let us make the direct application to your profession. Very often, most often, it is possible to get a clearer viewpoint from without than within. And having been in and more recently out of the retail business I may be pardoned a few friendly observations.

I cannot take the successes of men like Sidney Blandford, Bob Adams, Nelson, Crowder, Taylor, Lawo and other leaders of this organization as the subject I am about to dissect. We must strike an average. Consider the average retail credit man. He came possibly from the accounting department, the collection or adjustment bureau, or perhaps from another line of business and began his course of delving into the mysteries of extending credit and then later collecting in on his judgment.

It is not necessary to go into all the gruesomeness the above entails, but those two points, extending credit, collecting the money, constitute the prime conception of a credit man's functions in the mind of the head of the concern, the superintendent, the buyers, floorwalkers, clerks and alas, the credit man himself in most cases. Now, we are away from home, away from all troubles, deadbeats and crooks, the dyspeptic boss and the infuriated customer. Let us quietly take a look at your own job. Pretend that you never met it before. Walk up and look it over. What do you really know about that job anyway? The merchandising side of it, yes, something, but unfortunately most credit men don't mingle through the store enough to acquire that knowledge of merchandise which would fit them to ever become merchants.

The figuring end—yes. Credits? Yes, naturally. Collections? The same answer. But do you know about the human element? The house that sells just merchandise today is out of luck and very shortly out of business. Your house has to sell *service*. Some men have heard that phrase so much it has lost all meaning to them. "Sell service? Oh, yes, old stuff, we know all about selling service."

If that's true, if any man on earth knows all about selling service, he ought to change places with his Creator, because any man who knew *all* about selling service would have to know all there was to know about humanity. Serving people isn't just giving

them things. It's giving them what they want. Sometimes it's giving them what they want even before they know they want it. And sometimes it's not giving them what they merely think they want. That means studying people, studying human psychology. And if there is one man who has every chance to be the biggest practical psychologist going, the biggest authority on human reactions as they touch the retail trade, it's the credit man. His job is the most interesting job there is from that standpoint because it's his business to study human beings. And human beings are interesting.

What does a young girl do when she wants to give her best young man a pleasant evening? Why she talks to him about himself, most fascinating subject in the world to him!

This very evening there will be thousands of little groups of people gathered in parlors, club-rooms, front porches, all over these United States, talking, talking. What about? Politics? Some. Religion? A few. History? Science? Economics? Yes, here and there. But mostly about *each other*.

Human beings, in other words, are the most fascinating subject on earth. Alexander Pope knew that three hundred years ago when he said, "The chief study of mankind is man."

Certainly the chief study of the credit man is man, all kinds and descriptions of men and women.

Today the retail business is divided fifty-fifty as between merchandise and service. The most highly developed and sensitized service should be found in the Credit Department and the credit man should typify it to the Nth degree. The first requirement of service is unselfish loyalty to the house. After that the ability to extend credit and collect. To be selfish is one of the commonest of human traits but there is a sublimated selfishness that breeds a high type of unselfish loyalty. A man or woman not so constituted should never be in the service end of the retail business.

But to return to your job. A charge account implies a relation between customer and house which is infinitely closer than that of a cash customer. What is good will? The faith a house inspires in its trade and the community it serves. Who is the custodian of the good will of the charge trade? The credit man, foremost and all the time.

The charge trade may be 25% to 50% or 75% of the entire business. Who but the credit man should be first to make the good will of that given percentage secure and maintain it? The head of the house cannot, it surely is not the province of the merchandise man, superintendent, or buyer. The obligation to do this transcends in importance the question of credit or collections. A credit man could destroy enough

good will of a store to exceed many times the normal losses of a decade.

Beside his own unselfish loyalty in service he must develop a morale in his immediate organization, whose first slogan must be the maintenance and development of that same good will. The Credit department should be the old homestead quarters of every charge customer and endeavor to *serve* should be so apparent from the moment the account is opened that the customer just naturally reverts to the credit man or credit department at all times for special attention or service and with the same faith that a believer says his prayers. This very attitude born of a consciousness of great responsibility will bring new accounts faster than any part of the selling end of the house can ever bring them in. No credit man can inspire his organization to this ideal unless he has adjusted his relationship to the business in the right light, in his own soul.

Let me digress long enough to admit the thought which has risen in the minds of some of you the past few moments. I know that many merchants think only of two things with relation to the credit man, the customers' kicks and the losses at the end of the year. Let me answer that: First, his breed is dying out and all his satellites whose chief indoor sport is to "ride" the credit man or credit department will pass out too.

But it is in the power of a credit man who wills to do it, to so organize himself and his department in the handling of the charge trade and the development of new charge accounts that he can convert the boss and save him from himself and in doing so inspire the whole store with a respect that will forever drive out the old conception of the credit department being a necessary evil and an unproductive department classified as "dead help". "Circumstances", said Napoleon, "I make circumstances."

An old hard boiled retail credit man would say it is treason to the craft to place this good will responsibility ahead of the extension of credits and the collection of the accounts. That man either has lost his vision or never had one. We grow when we are green. It's when we think we are ripe that we begin to get rotten.

Let us concede that the grandmother of a perfect retail credit man has not yet been born, but insist that the credit man who has not the vision to do the unusual thing will never be anything but mediocre, and won't even be that very long, successfully. Times are changing rapidly and those men who find their prospects in life are gone to the dogs are usually the ones who do most of the whining. No one ever accomplished anything by attempting to first overcome every objection. As a matter of fact the credit man who does the unusual things

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# The Morris Plan of Banking and Credits

By Thomas Coughlin, Cleveland, Ohio

I am glad of this opportunity to present to you the story of the Morris Plan Bank, to tell you of this institution that has already established itself as one of the sound financial institutions of the country that is daily contributing to the economic and social welfare of our country, to the contentment of our citizenship.

The Morris Plan Bank is a different kind of bank. It is not in competition with the ordinary commercial or savings bank. Before the advent of the Morris Plan Bank, there was a wide gap existing between the state and commercial bank, or the national bank on one side and the salary or chattel loan shark on the other side. The Morris Plan Bank attempts to fill that gap. It derives its name from a young lawyer, (he was a young lawyer at the time the banks were first instituted), Mr. Arthur J. Morris, formerly of Norfolk and now of the City of New York.

Mr. Morris had for a long time realized that there was no provision made in this country to satisfy the economic needs, by credit or money, of the small borrower. He had observed that in Europe most of the European countries in this connection were far in advance of our own. In the country of Germany, for many, many years what are known as the Rafeissen banks, a chain of banks, have loaned in small amounts sums of money running into the tens of millions of dollars. These loans were made to the small merchant, the small borrower, the industrial worker or the professional man.

In the country of France, the Bank of France taught us how to finance the country's and the cities' needs by making loans in small amounts. Before the Great War, when we had our lesson in the sale of Liberty Bonds, the average bond sold by the United States Government or by any city, county Board of Education, was a thousand dollars and was really beyond the reach of the small investor and it was only in the war that we learned the lesson that if we really wanted to healthily distribute our financing, we should make our bonds in the small denominations and during that period, bonds in the sum of \$50 and upwards were made.

France not only taught its people how to finance itself by making small loans and depending upon the great number to invest, but on the other hand it provided through the Bank of France a means by which the wants and needs of the small borrower were also satisfied.

In Italy the Banco Populare makes loans running to small borrowers amounting to millions of dollars annually.

In this country,—well, the special privileged classes have been so busy piling up fortunes and the rest of us have been so busy watching them or fighting them that none of us have given any real attention, until later years, to the needs of the small borrower. Mr. Morris realized that this condition was widening the gap between the employer and the employee, that the extortion and usury that was being practiced upon the small borrower was breeding discontent if not socialism and anarchy itself. So in the City of Norfolk he gathered around him some friends and the first Morris Plan Bank was organized with the small capital of \$20,000.

It was an immediate and splendid success. It not only loaned money to the people of Norfolk on such a basis as they had never before known, but the loans were made upon such a fine business basis that the bank actually made money for the investor.

That bank having been successful, the news spread to other cities of the South and in succession Atlanta, Baltimore, Washington and other places of the South were equipped with banks. Wherever these banks are organized they usually bring to their direction and their head the most successful and the most prominent men in their cities. These men realize, first of all, that it is not a matter of sentiment alone that prompts them to associate themselves with Morris Plan Banks, but they realize what a great combination of good character and credit is for making money. They believe that the honesty of the "plain people," as Abraham Lincoln called them, affords a great opportunity for real money making, that the needs of the small borrower with character and earning power may be satisfied on a basis that reaches him and satisfies him and yet makes money for the investor.

The late leader of finance, John Pierpont Morgan, once said that in its last analysis, character was the real basis upon which money was loaned, that character was the basis of credit. That wasn't a new idea or even a new statement but it was a clear and concise statement of a basic principle in banking and that is the principle upon which the Morris Plan Banks are founded. It believes that character can be found in those who live in the house of want as well as in those who live in the house of have.

It believes that the fireman, firing the boilers in this hotel, may have just as much character as the man who owns the hotel and yet the proprietor, because he is blessed in the possession of some of this world's goods, can walk into almost any bank and by pledging his real estate, his collateral or perhaps even his own name and without questions being asked of him as to the use to which he wishes to put the money, he can secure his credit, whereas this fireman, having as much character as the proprietor, having even a greater need for the money than the proprietor, being able to pay his loans within his means as quickly and as well as the proprietor, is discriminated against, at least he has felt that he was discriminated against.

He may have wanted his money because he had a sick wife at home and a few hundred dollars would have paid the cost of an operation and yet he had been out of work for a while or he had some trouble in his house and the two hundred dollars was not immediately available. He may have had a son of promise whom he wants to send away to school and give him the opportunity of an education and bring out that promise that the boy has. He might have a daughter who wants a change of climate to help her health along. He may have needed the money for birth, death, or any one of a hundred sound economic reasons and yet, in his extremity heretofore, wanting money for that splendid purpose, he was obliged to go to the chattel or salary loan shark as we were wont to call them, where usury and extortion was practiced.

We know that here in this state and in this city, as you must know, in your respective cities, that there was a time when rates as high as 20% were charged to the small borrower who was obliged to sacrifice his self-respect and put up his salary or his bed, his chattels, as security for his loan. That condition made the fireman dissatisfied. He brooded over a situation that discriminated between him and his employer. The gap between him and his employer widened again. It made him discontented and dissatisfied. He was an easy prey for the theory of the Socialist and the Anarchist.

The Morris Plan Bank, we believe, helps clear up that situation. Today if our fireman needs money for any of these purposes he comes to the Morris Plan Bank. He is met by a sympathetic officer to whom he tells his story. He is asked for what purpose he wants the money, is he working and has he employment and then he

is told to secure two of his friends, associates, relatives, uncles, brothers, fellow workmen or others who have equal character and earning power with him and if after investigation the bank determines that these men have these requisites, the fireman is paid his money and he leaves the bank with his head high and his shoulders erect, his self-respect preserved and satisfied that, "Now there is an institution that administers to my wants just as there is an institution that administers to the wants of my employer."

So I believe what I say, that the Morris Plan Banks are daily contributing to the contentment and to the progress of our citizenship and are doing a very great constructive work in that respect.

What is our plan and how do we work in with institutions like yours? At the very outset I want to express my thanks and the thanks of my institution, first to the Retail Credit Association of the City of Cleveland for the splendid cooperation that they have always shown to us. We are members of your Association. They have been very helpful to us in giving us information with respect to our applicants and we in turn have endeavored to reciprocate by being as helpful as it is possible for us in giving them information that we have in our files and you must know we have a fund of information there with respect to our own borrowers.

If we reject a loan for any particular purpose caused by investigation even outside of the Credit Association, we report it to your Association and give them, sometimes, the reasons why it was necessary for that rejection. If we make a loan and the borrower fails and doesn't meet his obligation, we try to report it to your Association and keep your files posted so that they will be as up to date as our files are in that respect.

In many cities, Morris Plan Banks aid the merchants in a more direct way than even we do here in Cleveland. That is a matter of difference of opinion only. What I have in mind is this. The fireman comes to the bank and he says, "I want to borrow \$250."

The question is, "What do you want to borrow the money for?" He says, "I have had sickness in my family, I owe Higbee, Halle, May, Bailey, Southworth, Chandler, I owe the druggist, I owe the doctor, I owe various bills."

Now he may owe five different creditors \$50 each, a total of \$250. His income may be just \$30 or \$40 a week. Out of that income he is able to save just \$5 a week, the rest of it is necessary for his rent and his living expenses. That means that he has only a dollar a week to pay each of these five creditors. That doesn't satisfy him and it doesn't satisfy the creditor. So he comes to the Morris Plan Bank and he says, "I have had a situation where I have run into

debt; sickness, death or something else, caused this situation. I want to pool my debts, I owe \$250, I want to be able to pay my doctor and the undertaker and my grocer and the butcher and I want to pay Halle's or Higbee's or whoever I owe," and so he says, "I can pay \$5 a week if you will loan me \$250. I can then cancel all my obligations to these creditors. I am now oppressed with debt, I can't give my employer the best that is me; the best that I can do to liquidate my obligations is to pay each of these creditors a dollar a week. If I could only get the money here and pay you \$5 a week and satisfy these creditors I'd go out of here a happy man and my credit with them would be good for future obligations within my means."

So if after investigation we are determined that this is a good purpose, this is a good loan and the bank has the security back of it, we give that fellow \$250. Now the point of difference. The St. Louis bank, for instance (a very fine man at the head of that bank), believes that the proper thing to do is to draw the bank check payable to the doctor, payable to the butcher, payable to the grocer, payable to Halle's and be sure that those debts are paid by drawing a check on the Morris Plan Bank and pay off the creditors. I don't believe in that. It is an honest difference of opinion. My point is this: If I trust this fellow (and I must trust him to make him the loan), I therefore want to trust him to pay his debts and I want him to have the satisfaction and the independence and I want him as far as possible not to lose his self-respect by letting him take that \$250 and go out to the doctor and the butcher and the baker and who else he owes and let him pay off his obligations.

Where we have doubts about it, we will ask him to come back with his receipts and show us that he has paid his debts. I don't believe that puts him quite in the same position as if he feels, "Well, the bank was unwilling to trust me so it made its checks to these institutions."

Now perhaps in St. Louis and other cities where that practice is followed they are gaining a finer cooperation and a finer support from the merchants that they are directly helping but I believe our merchants here in Cleveland realize that we are doing the same thing but upon a somewhat different basis. It is all a matter of psychology and I believe that I would rather trust the man to take the money in his own hands and go out and pay his own debts and be independent in the paying of them than to have him feel that we were unwilling to trust him and we had to pay them.

Another thing that is done in some of these cities, not practiced to any great extent here in Cleveland, where a man owes \$50 to the butcher and baker and grocer and the doctor and Halle's, that they go to the merchant and say, "Now here, this man owes \$250, he owes you \$50 and he owes you \$50

and he owes you \$40 and he owes you \$30. If we loan him the \$250 and pay off your obligations, will you assume a limited obligation on his note? In other words, for your \$50, will you assume \$50 worth of liability to the bank and for your \$50 will you assume \$50" and so on down the line. The New York bank and some other banks are experimenting with that kind of obligation.

Instead of asking them to get two associates on his note, they ask the creditors to assume an obligation for the limited amount of their liability and to be enforceable by the bank against them only up to the amount of that obligation. I may say to you that here in the City of Cleveland we have arrangements with one or two institutions where the institution runs across a debt that they believe for some valid sound purpose the customer has not been able to make his payments and it runs up to say a hundred or two hundred dollars but that the man is good for future credit except that this thing is hanging over his head, they send him to the Morris Plan Bank, we lend him the hundred or two hundred dollars on the endorsement of the merchant, clear that debt for him and he pays us on the weekly payment plan.

To understand that, I want you to know that there are two chief essentials in the Morris Plan. First, we are not in competition with the other banks, we won't make real estate or collateral loans, we won't take a man's pawns or his chattel security. But we want personal security. We believe in character and earning power as the basis of credit. So we tell him, "You must get two signatures in addition to your own as guarantors on this note."

That is the first requisite of a Morris Plan. The second one is that all loans are made for a period of one year and they are paid on a weekly payment basis, or as we say here in Ohio, on a weekly deposit basis. The deposit is an entirely different transaction from the loan. In other words this man borrows \$250 payable in one year. Now we know that in all probability he never will have \$250 to pay back at any one time. He isn't prudent enough, he isn't far-seeing enough, he isn't courageous enough to save his money each week so that at the end of the year he will have \$250. If he were a prudent, careful, far-seeing man he'd go across to one of the banks and say, "I owe the Morris Plan Bank \$250 due fifty weeks from now; I want to open an account and pay weekly \$5 so that I can pay my note when it is due." We know he will not do that voluntarily so we oblige him to do it. We lend him at one window \$250 and at another window make him open a savings account and require him to make regular weekly deposits on that account. It may be weekly or it may be monthly or semi-monthly as the case may be. At any rate, his loan is amortized at the rate of \$5 a week or 2% on the loan.

ESTABLISHED IN 1907

# The Hickox System

Bessemer Building, Pittsburgh, Penna.



Collects past-due accounts for Department Stores and Members of Our Association all over the world. Can refer to well known clients in every large city. No collection---no charge. Our Direct Demand Drafts free to any member. For a supply, without charge, fill in this blank.

Name \_\_\_\_\_

Business \_\_\_\_\_

Address \_\_\_\_\_

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## "Doing the Unusual Thing"

Continued from Page 10

uses his time not to explain why it can't be done but to do it. If your credit department is doing the unusual thing the house will soon know it.

Looking back over the accomplishments of the ten years of the Retail Credit Men's National Association and the vision of men like Gilfillan and others who had the will to do the unusual thing and realizing the far-reaching, stupendous results of their work, I feel that the whole Retail Credit profession should rise up and call them blessed.

The time has come and the responsibility rests with each individual member of this organization to say whether he is content to perform the old mechanical function of the credit man or whether he will take his place in the sun and become in the fullest sense a dominant, tangible, direct factor in the upbuilding of his business and deserve and receive that reward and recognition now accorded to others whose opportunities do not equal his.

No man is a failure as long as he retains faith that he will and can succeed. There is a law of averages which works day and night for the man who follows this adage, "He gains most who serves best."

We can't expect to go back to the days

of Astor and Vanderbilt, the days of Carnegie and Hill. And we don't want to! Our own day offers its own transcendent opportunities for success. But no one is going to take us by the hand and lead us to those opportunities. It's up to us to see them. A generation hence our children and grandchildren will see them plainly enough, it's so easy to see opportunities after they are past. The trouble with many of us is that we're looking in the wrong place. We are like the man who saw once at sunset against the far horizon faint purple towers and steeples, a far-off purple city. It haunted his dreams. At last he started out to find it. Weeks and months he journeyed, sometimes by water and sometimes by land and sometimes, at sunset, it seemed very near, but in the morning when he pushed eagerly on to find it, only common, ordinary towns appeared.

At last he found it. He was sure. Every purple dome and tower was exactly as he remembered it. It was sunset again. And he was so eager that he couldn't wait till morning, he hastened on that night, tired and footsore as he was. But as he came into the town something queer happened. Only the sky stayed purple. The purple towers and steeples turned to plain brick and stone. There was the First National Bank and the Post Office, the familiar church, the dry-goods and grocery stores. He knew them all. And the streets—he

could have walked those streets blindfold. His purple city was his own home town.

Many a man looks for the enchanted city of success his whole life long. The farther off a job is from him the better it looks to him. It never seriously occurs to him to put his brain to work and make his own job a real success. A lot of business men are homesick for the place they can't be. Any town but the town they're in, any job but the job they've got.

Let's snap out of it! Rudyard Kipling wrote a poem about a man named Tomlinson. Tomlinson died and of course he went straight to heaven. But Saint Peter wouldn't let him in. "You never did anything good on earth," said Saint Peter. "You can't come in here."

So Tomlinson sadly departed and knocked at the gate of hell. "But you can't come in here," said Satan, "you never did anything bad on earth."

He had never done anything good, he had never done anything bad, he had never done anything original at all and there was no place for him in heaven or hell.

The moral is, *do* something. Make a thousand mistakes if you have to, but get out of the rut. *Do something.*

If you can't make heaven, you can at least stir up —!

## A Few Thoughts About Collections

By Jas. M. Priest, of Priest Mercantile Agency, Washington, D. C.

**A**S manager of a collection bureau and a close student of the collection business, I have been invited to contribute a few remarks on a subject which must be of deep interest to every reader of this paper.

The more experience I have in this business the more deeply I am impressed with the superiority of mild and courteous methods over rough and bullying ones. When you consider the psychology of the matter, it will readily be seen that a delinquent debtor (as a rule) cares little for threats of suit. He usually takes a brusque and discourteous letter as an excuse for not paying. I have received many letters expressing appreciation of courteous language and stating the reason they had not paid was because they did not like the tone of the letters from the creditors. It is, of course, trying to write many letters without receiving a response; but the old adage that you can catch more flies with sugar than with vinegar applies very aptly in this business. Of course, no absolute rule can be made to apply to all cases. Where a debtor is known to have property not exempt from execution, rigorous action should be taken, and without delay.

Fully ninety-nine per cent of debtors are fellows who make good wages but live a little beyond their means, or they have had some unusual series of hard luck. They mean well, but really at the time can do nothing. It is from these that we have collected many thousands of dollars by strict adherence to courtesy. Above all things, avoid scolding. Just bob up serenely each time you write and use an optimistic tone. Do not say "You promised so and so and we didn't think you were telling the truth." Such letters may relieve your system, but they consume postage stamps and time and very rarely produce results.

Creditors sometimes appear to think that a collection agency can take a bunch of hopeless claims and produce results at once. A moment's reflection will show that dead claims cannot be revived in a week. Where a client shows that disposition we inform him that we will either not take the claims or that he must allow reasonable time.

Not long ago the writer was in the collection department of a large store and the collection manager informed him that one of the largely advertised collection bureaus had returned a bunch of claims that they had had for sixty days, with the report that they were worthless. The collection manager took up the matter along the lines above outlined and succeeded in collecting several hundreds of dollars. Had these claims been thrown back in the dead file his firm would have been out nearly a thousand dollars.

The moral is, do not look for thorough results in sixty days.

One of the most annoying things we have to contend with is the failure of firms to enter the accounts in the full names of the debtors. We get hundreds of claims like "T. Wilson". When we go to look in the directory we find several dozen T. Wilsons, so that there is no way of tracing. It would be well to bear this in mind when granting credits, no matter who the endorsers may be.

We do not advise turning 60- or 90-day-old claims over to collection agencies. Such claims should be given persistent attention by correspondence for at least 90 days. After that they should be turned over to a reliable up-to-date collection firm.

Many lawyers and (we are sorry to say) some collection agencies send one or two printed notices that the claim has been placed in their hands, and follow with suit. This results in getting a lot of worthless, judgments, and also unfavorable advertising for the clients. Suits should only be brought as a last resort and after every other possible means have been exhausted. Lawyers who are (very properly) endeavoring to build up a general practice cannot, of course, be expected to expend much time on their collections. Some lawyers, however, maintain efficient collection bureaus and often are of great assistance. We wish, however, to caution against the lawyer who is trying to become a great legal luminary and the collection agency that makes a specialty of "quick results". The scheme of the latter is to *get bills* and drop the old ones. We really feel that our clients have some interests to protect, and where a lot of bills is returned insufficiently worked an injustice has been worked on the creditor since it is that much more difficult for a reliable agency

## For Quick Returns



## Coin Mailing Cards

Here is something you have felt the need of for some time. The nature of your business necessarily involves many small accounts that will be readily collected by enclosing these cards to customer as a safe convenience in remitting.

A most potential factor in building up and stimulating mail-order trade, and in many ways rendering a service indispensable to your business. Used by the most progressive firms everywhere.

### Samples on Request

**John N. Spies,**  
Patentee and Manufacturer  
Watertown, N. Y.

to take up the work where the "quick result" agency left off.

A few of our clients have appeared to resent furnishing information to us on request. It is rather difficult to see their reasons for this attitude. One of them stated. "We gave the claims to you, now get the money." That client got his claims returned instantaneously. Fortunately our clients realize that if we are willing to spend time and postage in writing for data they can afford to co-operate with us.

It not infrequently happens that a debtor will (after having received many letters from us) wait a few months and then go and pay our clients direct, seeming to derive satisfaction from the thought that we will not be paid for our trouble. Fortunately our clients gladly protect us in these cases, for they know that the payment was the result of our efforts.

In conclusion, we wish to testify to the efficiency of the methods of the Associated Retail Credit Men of Washington, as we find that claims which have been through their hands require skilful handling by us when turned over to us after being exhausted by the Association.

It is hoped that the foregoing remarks will contain some suggestions that may be found useful to the collection managers of our great organization.



C. L. OLSON, National Director  
Credit Manager, Mannheimer Bros., St. Paul, Minn.

## How to Handle Suspended or Closed Accounts

By D. W. Abl, of J. L. Hudson Co.,  
Detroit, Michigan

HOW TO HANDLE—SUSPEND—OR CLOSE AN ACCOUNT WHEN IT BECOMES UNSATISFACTORY OR CONSIDERED UNPROFITABLE IS indeed a vital problem in retail credit granting.

When this subject was given to me, my first thought was that it could be answered in a few words: "Close the account and proceed to collect the money" but on second thought discovered that this answer would certainly not cover the subject.

When an account becomes unprofitable this may apply. Merchants are entitled to a reasonable return on their investment and when charge customers handle their accounts in a manner that precludes any possible profit, they are considered undesirable from a credit viewpoint and it is much better for them and better for the merchant if they are held to a cash basis.

Many accounts may be considered unsatisfactory but nevertheless they are profitable, and any credit man who handles accounts of this nature according to any set rule is incapable and not qualified to deserve one of the greatest titles of modern times, that of Credit Manager.

If an account is profitable although somewhat slow, and in the strict interpretation of the word any account which is slow is more or less unsatisfactory it should be handled on its merits. Speaking from the viewpoint of a large organization where the work is handled by Divisional Credit Managers, the opportunity for personally knowing your accounts and customers is much greater than when the Credit Manager is endeavoring to handle all the collections personally. Your Divisional Credit Men may be able to write a friendly letter and begin a process of credit education. They may be able, by speaking to the customers over the telephone, to convince this customer that his Division collections are not quite up to standard—that he is not collecting the percentage that his Credit Manager expects from him and inquire if it is not possible for this customer to help his percentage by a nice check on account. He may be able, through closer acquaintance, to make a friendly call on his customer and eventually, through personal friendship, make an account which was formerly unsatisfactory into one of the best accounts of the books in his division.

There is one thing we must bear in mind—if it were not for the honesty of the American public we would not be able to grant retail credit as we do. The majority of people, when they discover their inability to pay for merchandise already purchased,

have no desire to increase the account and are worried much more on account of their inability to pay than the Credit Manager. This from an analysis applies to more than 90% of the accounts which are either unsatisfactory or unprofitable.

Any Credit Manager, Divisional Credit Manager, or Collection Manager can collect from people who are financially responsible and inclined to be somewhat slow but unfortunately collections are often made in such a manner that good will is lost and this particular customer diverts his trade to the competitor across the street or around the corner. The same principle applies in handling collections and in handling the limits which you place on an account. Collections and limits must both be elastic, somewhat like a rubber band, however one whose stretching power is not too great, otherwise we may be restricting good business, and the success of every credit man in this Convention depends entirely on the amount of good business which he accepts and not on showing an extremely small percentage of Credit losses.

The Credit Manager in an organization doing a large volume of business can be the greatest single unit for good or evil. He can create and build or destroy business but if the firm which he represents is narrow minded and insists on a very small percentage of loss and sharp collections, the Credit Manager himself may not be at fault for any loss of business which may result on account of the policy of his house.

As in credit granting, also in collections, in the suspending or closing of accounts we must be liberally conservative and handle the business affairs of our office in a manner that will reflect credit to ourselves as Credit Managers and honor to the house which we represent.

We as Credit Managers need educating, and how better can this credit education be obtained than by attending our Conventions and getting the ideas of representative credit men from all parts of the country. A credit man to be recognized must produce and not always in doing what he calls standing up for his rights when he is only lying down on his job.

Many merchants as well as their credit men need educating and if they realized the immense amount of good to be obtained they would insist on their credit man attending these conventions and the merchants would receive large dividends on the amount of their improvement. To use the language of one of the greatest merchants America has ever produced, Robert C. Ogden, "It is poor policy to save at the spigot and allow a big leak at the bung hole."

We will hear about the numerous ways of collecting discussed by letter, telephone and by personal calls. They all have merit

## The Newest Book Out on Collections

### "101 BEST COLLECTION LETTERS"

Reduces the collection of accounts to a science. Based on laws of psychology. A letter or paragraph for every case. Used by Merchants, Credit Men, and Collection Specialists everywhere. Contains valuable information. Price postpaid, \$5.00. Published by

### United Creditors of America

Department C

Springfield, Missouri

provided tact and courtesy are used. But one thing we must all remember—an account may be that unsatisfactory it cannot be continued, nevertheless in collecting we must endeavor to retain the customers' good will, at least to the extent of not driving their cash business elsewhere.

During the past two years we have all had the opportunity of handling many accounts which became unsatisfactory and unprofitable and if collections were not handled in a manner justified by conditions some one is getting a lot of good business that belongs to you.

### CREDIT MANAGER

Large chain organization has openings in New England and Middle Atlantic States, for managers. Permanent connections with good future. Prefer men with retail furniture, clothing or small loan experience. Give full details including experience, present and previous employers and salary desired. Address C.M., P. O. Box 64, Trinity Station, New York.

## Creditors Group Loan Plan

By John W. Byng, Springfield, Missouri  
before the Retail Credit Men's National Association Convention, Cleveland

**I**N order to identify myself with this plan and to explain why I originated or perfected it, let me first introduce myself as President and Manager of The Credit Exchange, an incorporated company, operating a privately owned credit bureau and collection agency, and while privately owned it is merchant controlled to the extent that our first thought is always to service, believing that "He profits most who serves best."

We do not take any great deal of credit for the original thought in all phases of the group loan but we do pride ourselves in patiently working on the various advantages and toward the elimination of the disadvantages for more than two years and mentally calculating every feature before it was introduced to the Associated Retail Credit Men of Springfield, Missouri, for their approval and adoption, and this was unhesitatingly given us when it was found that all forms, methods of procedure and every other feature had been carefully worked out, including an agreement with the Citizens Mortgage and Securities Company to amply finance the paper when approved by us.

Anticipating the quiz by Secretary Woodlock that appears on the program following this paper, which, as we understand, is an effort to pick the author's efforts to pieces, we will endeavor to answer in this paper every question and criticism that may be presented, assuring you that since the plan was first introduced it has been passed upon and approved by some of our most intelligent attorneys and by ultra conservative merchants.

The Group Loan was first considered by us as a method to thaw out frozen credits, in cases where a debtor became heavily involved through illness in his family, through an enforced period of idleness or through the more frequent causes, extravagance, carelessness or indifference, at last realizing himself unable to pay his accounts in full or even pay enough on each account to satisfy such creditor.

We have found the group loan needs no extensive advertising as we have received a great deal of publicity through the daily press; we have found that many who have been granted loans will suggest it to another (or others), and the merchant finds an easy way to suggest it to a delinquent debtor when he offers a very small payment with the excuse that he has many others to whom it is also necessary to give a small amount.

The debtor calls at our office and applies for a loan; he is always treated courteously and made to realize that we want to help

him and in turn help the merchant to whom he is indebted through the privilege of a charge account. He gives us a list of his accounts, usually in round numbers, which we confirm to get the exact amount, and at times we find upon referring to our master card that he has failed to include some of his bills and these are included and brought to our office; it is our duty to distribute the total, which is divided into twelve parts, and if he receives his wages or salary semi-monthly it is reduced to a semi-monthly basis. He is then advised that we will arrange the loan for him at 8% interest in advance for a period of twelve months, giving him the opportunity to make proportionately larger payments for a 3, 6 or 9 months' loan; we also explain the plan for him to pay 2% per month on the deferred balances instead of 8% in advance for the total amount, and to our surprise this plan is almost invariably accepted.

In many cases we find the debtor owing installment furniture houses or other houses with chattel security, these chattels being held by the loan company, and if no such chattels exist a new chattel is secured covering personal property, except in cases where the loan is regarded as sufficiently desirable with only the endorsements that are to be secured, which will be later explained.

After approval by our office, a full report with list of accounts is submitted to the loan company; if they deem it advisable, they make additional inquiry and then request the party to call and sign the note, also his wife to sign with him.

The loan company makes all checks payable to the creditors and returns all papers to our office; it is our duty to distribute the checks and secure the endorsement of the creditor on back of note, the merchant endorsing for only the amount he receives. The merchant mails to the debtor a receipt for the account, using this form: "Received payment by group plan" (giving the serial number). This serial number is carried on every check issued on a loan of this kind.

When all checks are delivered and endorsements secured, we make a complete record for our master cards in our credit files and return all papers to the loan company where all payments are to be made. In case of any delinquency, we are to be immediately notified and our office calls the attention of the debtor to the fact that he has failed to make his payments as agreed and assures him of our efforts in his behalf. Since this plan was inaugurated January 1st, 1922, no payment has de-

faulted for more than a few days, and we find that this plan has met with splendid approval, being favored by debtors as well as creditors. It means that the debtor pays interest on his delinquent indebtedness instead of the creditor carrying the account without interest. It also gives the merchant the use of the money, and, in case of a delinquency, it is charged back to the merchant, less, of course, his prorata share of any amount that may have been paid before delinquency. We have been asked in what way we protect against an open or unsecured account the merchant who holds a chattel security, and in order to explain this we use this form before the endorsement:

"The undersigned waive presentation, demand notice and protest of this note and guarantee the payment of the principal thereof to the extent of the amount set opposite our respective names; our liability for any unpaid balance of the principal of this note is set to be in the proportion that the amount set opposite our names bears to the principal of said note. All rights of subrogation waived in favor of any prior secured creditors, as per separate contract of even date herewith."

In case a secured creditor participates in a group loan, when we receive his chattel and deliver the check we also surrender to him this form properly filled out:

"WHEREAS \_\_\_\_\_, hereinafter called the 'Borrower,' has this day borrowed from Citizens Mortgage and Securities Company the sum of \$\_\_\_\_\_, executing therefor note and chattel mortgage on household goods and other property, herein after called Group Loan No. \_\_\_\_\_, and

"WHEREAS \_\_\_\_\_, hereinafter called the 'Guarantor,' now holds chattel mortgage cancelled, nor released unless and said Group Loan Chattel, to secure an indebtedness to said Guarantor; now therefore the said Guarantor hereby agrees with said Borrower and the Citizens Mortgage and Securities Company, upon payment to \_\_\_\_\_ of \$\_\_\_\_\_, that \_\_\_\_\_ will, to the extent of such payment, guarantee the payment of the principal of the said Group Loan, as per the terms of this instrument and the guarantee endorsed on said Group Loan Note.

"In order to fully protect the said Guarantor on his guarantee, the Borrower agrees that the note now held by said Guarantor shall not be considered paid, nor the chattel mortgage cancelled, nor reeased unless and until said Borrower has fully paid the said Group Loan; and in case the Guarantor should have to pay any amount under said guarantee, then the aforesaid note and chattel mortgage held by him shall be effective, and a first and prior lien, superior to said Group Loan Chattel, and he shall have the right to foreclose and sell the property covered by said chattel for the purpose of

reimbursing himself, only, however, to the extent of any payments made under said guarantee.

"It is further agreed, that should the Guarantor's chattel mortgage be held not a valid lien; then the said Guarantor, after paying the amount due as per terms of the guarantee, shall be subrogated to the extent of the amount paid, to the lien of said Citizens Mortgage and Securities Company and all other guarantors, but only to the extent that the Group Loan chattel covers the property included in the Guarantor's chattel mortgage.

"IN WITNESS WHEREOF the parties have hereunto set their hands this — day of —, 192—.

"  
" Citizens Mortgage & Securities Co.

"By ——————"

We find at times that the debtor is so heavily involved that it is impossible for him to take care of his indebtedness under the group loan plan within a period of one year. We then make what we term a split loan, reducing the account to an amount that he is able to meet comfortably and conveniently at the same time taking care of his actual living expenses and a liberal amount for incidental expenses and carrying forward an amount in round numbers, being

multiples of fifty dollars, under a "Certificate of Investment" plan whereby he buys this certificate at a stated amount on each of his pay days with the privilege of paying two or more installments at any regular installment paying time and also requiring him to pay the interest on this deferred indebtedness; in fact in one instance we found it necessary to make a split loan three ways in order to reclaim a delinquent debtor. In using this plan in different states it will be necessary to adjust it to regular form notes and chattel mortgages in use in these states and also to abide by the interest laws, but we believe that this plan can be used successfully anywhere with the full support of an efficient credit bureau and with proper financing assistance.

We claim for this plan: A more efficient workman when his accounts are all grouped where he can make monthly or semi-monthly payments instead of trying to keep a number of creditors satisfied with the small amount he could pay each of them, and we all realize that a debtor will pay an amount on a loan of this kind that he would make little or no effort to distribute among a large number of creditors. We are also positive that since it has been in operation with us it has reduced voluntary bankruptcy cases; also it has caused a great reduction in suits on accounts in Justice Courts, and means

fewer delinquent accounts which eventually reach the P. & L. stage.

It also gives us a better credit reporting system, as it gives us an opportunity to personally interview the applicant. We also find that through our collection department where several accounts are being handled we can suggest this group loan before taking legal steps to protect the interest of our clients.

We have frequently been asked what charge or commission becomes our part of a group loan. We make no charge for this service and no commission on collections to our bureau patrons. It is rendered as an additional service in our collection department, as we are handling syndicated collections for some of our members on a salary basis only and we only charge a commission where a claim is forwarded to us from another city, at which time our company endorses the note instead of the creditor doing so. The hours of time spent by our force are part of our service to the loan company under their annual contract. In conclusion, I want to repeat one statement: Out of a large number of loans that have so far been handled, no delinquency of any consequence has been reported to us and our basis for this plan is our firm belief that more than 98% of the public are honest and want to pay their debts.

## An Open Letter About Conditional Sales Contract Laws

By H. Goehler, Credit Manager Ira F. Powers Furniture Co., Portland, Oregon

THIS letter is written with the avowed purpose of creating some discussion as to the advisability of conditional sale contract laws. I am not presenting it in an argumentative form nor am I taking the time to round out any of the statements I am making.

However, I hope it will result in a discussion and further investigation, which in my opinion can but result in one conclusion, namely, that conditional sale contract filing laws are just an added expense to business.

I have taken considerable time to make inquiries in many states in the Union, among them Michigan, Illinois, Ohio, Delaware, New Jersey, Minnesota, Florida, Georgia, Montana, and Washington. Letters from the furniture men there lead to the conclusion that there is just as much fraud in the states where the filing law is in effect as where the common law prevails. These are the reasons:

1—Any recording law necessarily provides a period between the time of sale and the time of recording when the vendor is protected but the innocent purchaser is not. In those states where recording is necessary, people become accustomed to rely upon the

recording as being sole evidence as to whether or not the goods were paid for. The very fact that there is such a law leads to the undoing of the innocent purchaser for value who buys in this interim.

2—A person fraudulently inclined can buy goods in one filing district and sell them in another. In this case, while the vendor is protected the innocent purchaser is not.

3—A person can buy goods or sell them under an assumed name.

4—The innocent purchaser is supposed to inquire somewhere, usually of the clerk of the municipality or county. Why not have him inquire at the original place, namely the place where the goods were originally bought by the person wishing to sell them. Inquiry here will protect the innocent purchaser from any of the above incidents whereas filing will not.

5—Where filing is necessary, on each subsequent purchase additional filing must be made.

6—Where filing is necessary many merchants overlook making the additional filing. They also do not file their contracts for reasons of policy and solicit trade of the

customer, advertising that no filing will be made, and sometimes it is a special consideration to make the sale.

7—Where goods are thus not put on record, it reduces the value of the merchant's accounts, makes his credit less desirable, and makes him susceptible to more loss.

8—It deters sales. In our experience we have often had our customers inquire when coming from other states as to whether or not their agreement would go on record. The very fact that they breathed a sigh of relief when we stated they would not go on record indicated to us that where sales are recorded there is a hesitancy on the part of people to buy. If this is true in large cities, it must be much more true in small towns where every transaction recorded in the clerk's office is immediately made known throughout the whole community.

We hope that the credit men will give these facts their consideration, and feel sure that the simple presentation of them in the crude form above will inevitably arouse other channels of thought in favor of the common law system.

## "Pay Up" Campaigns

By Frederick W. Walter, of The Bailey Company, Cleveland, Ohio

There has been so much said about thrift; so many campaigns have been launched in an attempt to promote thrift, some of which have been successful, and others equally dismal failures, that it might not be out of the way to find out just what we mean by thrift. Perhaps we will then better understand the peculiarities of the problem with which we are dealing.

We find, therefore, that thrift means care and wisdom in the management of one's resources. It seeks not merely to save but to earn. Economy manages, frugality saves, providence, or foresight, lays plans for the future. Thrift at once earns and saves, with a view to wholesome and profitable expenditure at a future time. Note that significant characteristic—the idea of saving with a view to spending intelligently.

The commonly accepted definition of thrift is that of care and wisdom in the management of our everyday resources. Great emphasis has been laid on the numerous advantages of the charge account; how easy it is to shop—"all you have to do is to say 'charge it'". We have even prepared figures showing that, dollar for dollar the

charge customer spends more than the cash customer.

If our charge accounts are not being paid as promptly as we should like, there are several very important factors to be considered before we can arrive at a satisfactory understanding of the situation.

In the first place, business affairs move largely in well-defined cycles. Averages taken over a long period of this country's history show, according to Babson's Reports that these various changes take place in the following manner.

1. Every cycle begins at the peak of prosperity, accompanied by large profits and high wages.

2. This is followed by a period of inefficiency, accompanied by declining bond prices.

3. Next we have the period of dishonesty and profiteering, accompanied by declining stock prices.

4. Then comes the periodical crime wave with declining commodity prices.

5. Lack of confidence is then everywhere apparent, which results in general unemployment.

6. People must then cut down living expenses; families double up; all of which results in declining real estate prices. This is the end of the general decline and improvement usually begins at this point of the cycle.

7. Thrift becomes more evident and this results in declining interest rates, allowing banks to loan money to start new building and again set the wheels of industry moving.

8. The unemployment period always results in greater efficiency, which is evident at this point of the cycle. Increasing bond prices are noticeable at this time.

9. People become more honest, fairer prices are asked by both merchants and labor. We get a dollar in value whether buying merchandise or labor, which we did not get during the period of prosperity.

10. Renewed religious interest is now evident, resulting in restored confidence. There is greater buying with the strengthening of commodity prices.

11. This is followed by great activity in all lines, with labor fully employed.

12. The cycle has now been completed. Extravagance and waste are again in evidence with high money rates.

Business would therefore seem to be in the transitory period midway between the sixth and seventh cycles.

Note the especial significance of the sixth, seventh, eighth and ninth cycles. Whether from necessity or desire, or both, people

try to reduce their expenses and create a surplus. There is a greater efficiency in labor; people are more honest in their thoughts and actions. They come to regard their moral and financial obligations in a new light.

To insure thrift (and what we really mean is to get our customers to pay their bills promptly, so let us call it that and be done with it) we must begin at the purchase. It is axiomatic that an account rightly sold is half collected.

One of the delicate offices that a credit grantor must perform is that of seeing that his customers are not permitted to buy beyond what seems to have been determined their comfortable ability to pay. During the past few years that has been a very difficult problem to solve—you will recall that many discussions have arisen as to whether or not limits on accounts should be raised to correspond with increased buying capacity.

If customers have been allowed to charge to an extent greater than the difference in the cost of merchandise and the value of the dollar, there must be an adjustment downward to conform with the rapidly changing conditions which now confront us. If charge customers, on the other hand, have been intelligently and patiently trained in the past, no difficulty need be anticipated with the present paying habits.

The credit grantor frequently finds himself dancing on both horns of a dilemma. In many quarters there is an insistent demand to put through business simply to increase the figures, but with little or no regard for the future effect such sales may have on the general good of the store. In just the opposite way, buyers and associations are again demanding stricter adherence to high ethical standards in the advertising of merchandise and the staging of popular sales. To this extent we are anticipating the ninth cycle previously referred to.

The habit of thrift, or prompt pay, can be cultivated. At its best, it is a hereditary instinct. Many people pay their bills because they cannot bear the idea of owing anything. Others pay because they realize and appreciate the value of good credit and the reputation to be gained from zealously discharging their obligations when due.

There are others, however, whom we must patiently but persistently educate and train to the end that they, too, will pay their bills promptly. This idea must be completely sold to the proprietors of your several establishments; that it is not profit-

## COLLECTIONS

SEND  
YOUR  
ACCOUNTS  
TO

**The MERCHANTS  
ASSOCIATION  
of FRESNO**

Established 1906

Owned and Controlled by  
356 Merchants of Fresno

*Bonded Employees*

Our References:  
Any Merchant or Bank in Fresno

**Fresno, California**  
631 Rowell Blvd.

L. J. ALLEN, SECRETARY  
W. A. STURGEON,  
MANAGER COLLECTION DEPT.

able nor good business to carry accounts for an unreasonable time on their books; that the length of time to wait for payment of bills bears a very intimate relation to the nature of the merchandise sold; that the house which sells honest goods at fair prices, makes its adjustments promptly and in a broad minded manner, has nothing to fear from keeping a very strict watch on its collections. Buyers like to trade with what are known as "close collectors".

The education of your customers begins in your own credit and collection offices. Slipshod methods of thinking and working cannot now be tolerated. The merchant himself must come to realize that the credit department of his store is intended for something else than a place to "hang up" sales that indignant or careless buyers would like to be accommodated with simply because they have not the money with which to pay or the intention if by chance they should happen to have the money. To take three, six or more months to pay for goods purchased on a thirty day basis is bad for:-

1. The store, in the very needlessly tying up of capital; in submitting the credit organization to unnecessary strain and effort in following up such accounts.
2. For the individual, in that he is allowed to become careless in his habits. If he has the money to pay, he has no excuse for not paying. If he has not the money, he has no excuse for buying.
3. For the community, in that the leaven of indefinite payments soon spreads and before long, the argument is heard on all sides, "Well, if so and so let's you pay when you like, why should I pay in thirty days?"
4. The direction of the educational process should be from within your own establishments upward. Then you are in a position to reason logically with your customer. Fortunately for us, eighty percent of our charge accounts collect themselves. Another fifteen percent require only a minimum of attention. Five percent only render a highly specialized collection department necessary. The problem is not so extensive after all; the solution for the most part is to be found in the immediate vicinity of your own desks. Then with a strict adherence to the old-fashioned fundamentals of good business, upon which there has been no material improvement, and with a program of wise and untiring education of your customers, thrift will increasingly become a national and indispensable virtue.

LET stickers collect your bills. Effective and inexpensive. Write National Office for samples and price.

*"He cannot become our debtor until he pays your bill."*

## "BUT, DO THEY GET RESULTS?"

We can unequivocally answer: "We do."

We will give references (on request) who will answer: "They do."

### BUT THAT IS NOT ENOUGH!

We want you---ALL OF YOU---to know that our COLLECTION DEPARTMENT has grown from TWO employees (one of whom was an attorney) in 1919 to EIGHT (including two attorneys) in 1922.

#### OUR RATES:

25 per cent of net amount collected if debtor resides in Los Angeles or vicinity;

33½ per cent of net amount collected if we find it necessary to get through a correspondent.

No additional fee for suit.

*Why hesitate? Send that list of claims---NOW!*  
(Always send itemized statements in duplicate)

## Retail Merchants Credit Association

300-310 I. W. Hellman Building  
LOS ANGELES

## Clearance Reports --- What They Should Contain and How To Use Them

By Jas. W. Metcalfe, Omaha, Nebraska

THE subject assigned, "Clearance Reports—what they should contain and how to use them," is a subject as difficult to cover to the satisfaction of all parties as there are differences of human characteristics and tendencies represented here.

At best, one can only cover those fundamentals which are most apparent in order to give opportunity for individual expression and discussion from the user, and "Our Good" will result therefrom.

### What is a clearance report?

In order to arrive at a basis of mutual understanding, let us define it as "A Report on an Individual or Firm verified and cleared through a central point, same report originating by the applicant applying for credit at its source."

In other words, John Doe has applied for credit at the corner department store, and the Credit Manager has checked the information through the central point, or credit bureau, and received a completed report.

### But what shall a credit report contain?

If we were to judge what a report should contain by looking over the firms' application cards of accounts in the hands of professional collectors, we would be tempted to say that detailed information never would be needed in order to locate a debtor who has moved, or information on which to base the amount of credit to be extended and the possible forcing of the collection at a future date.

In the days of old, if sufficient advance information could have been gathered on which to base individual credit, there would have been but one man concerned in the parable of "The Three Talents".

Or could Shylock have obtained credit information available today on able credit seekers, he would have collected his "two pounds of flesh" instead of one.

Credit—no such thing existed in those days as in the form we have it now.

"In ancient Rome, the clans met together to trade, bringing wares in one hand, and a war club in the other." There is still some of the old Cannibalistic antagonism left today, although in Omaha we have learned to leave the war clubs at the office, especially at our Noon Day Meetings, but I am informed from the authoritative Mr. James W. Metcalfe that St. Louis still has "to go some" to catch up with Omaha in that respect.

Mr. Charles Johnston, in his discussion of

the "Spiritual Significance of Credit", states that the need for credit facilities was keenly felt after the panic of 1837, and gives the creative date of Mercantile Agencies as 1878, at Detroit, Michigan. The new phase of credit granting was started through the organization of the "Merchants & Manufacturers Exchange". The idea for organization was mutual help in exchange ledger information and experiences, getting away from the old method of the discussion of money values as a basis of credit granting.

The new method has developed until today we have what is fast approaching and being considered as a profession—"The profession of credit granting".

What a report cleared through the central point, or Credit Bureau, shall contain will depend largely on the nature of the business, the type of customer applying for credit, and the efficiency of the credit man in drawing from the applicant those leads which when checked up will take away from the credit man's mind any doubts regarding a debtor or his ability to pay.

The applicant may be one of those unfortunate persons whose intentions are the very best, but who has not the ability to meet the obligations he would incur. Lead questions as to income and expenses would soon satisfy, and bring answers to the doubts. Are there other wage earners in the family, and to what extent do they aid in the household upkeep? Do they have a family budget? If they have, it is more than likely that plans have been made to take care of the new obligations. In that case, it would only be necessary to have the credit bureau verify the information given, to warrant opening the account.

But, Mr. Johnston says "In loaning the store's goods, keep in mind that you are loaning your money in the most part on the future efforts of your customers. The moral element comes first, the honest determination to pay, and pay quickly; then comes the mental quickness and accuracy, last comes physical effort.

"The real substance of credit is a payment to be made in the future. It is a question of a man's future action and of our confidence that he will act in a certain way.

"We are dealing in futures, in human effort, human intelligence, human integrity. How can we estimate them to have them reflected in our reports? What is the basis of calculation?"

In all probability the applicant's past record will reflect those characteristics which will give an insight as to the future. Mr. Johnston in further discussion sets up, in an equation, the man's accumulation of possessions, as against his integrity, energy, good judgment, character, ability, which to the knowing credit man will be "an antithesis between the past and the future."

"The tree is known by its fruits, and the ground in which it is planted will have considerable to do with the tree's future growth and prosperity. Credit granting is not a question of history, but of prophecy as reflected from the details of the completed report."

Does the man pay big rent or is he living in some honest, practical neighborhood and buying his home? If the latter is true, and the report verifies this as a fact, your report reflects integrity, energy, and a desire to get ahead.

If he carries life insurance, he is a man of foresight and inclined to plan ahead, and if he has carried his life insurance for some time and kept accounts in good condition, he is undoubtedly a man of ability. Also, his very dress and conduct will tell you his character and good judgment in relationship and in proportion to his circumstances.

You have heard of "Crystal Gazers". They read the future. But the very crystal into which they gaze also clearly reflects their own image. The crystal into which the credit man gazes is the bureau's report, but reports reflect the credit man as well as the applicant, and many a credit man shows lack of reading foresight in not obtaining sufficient good points reflecting the man's character, instead of all those objectionable features.

But just so long as it is necessary for the credit man to take into account probability and human character, just so long will some mistakes be made. But a far seeing credit man will do all humanly possible to help a struggling customer.

One of the rules upon which Andrew Carnegie has built success is "Should an honest, capable customer need extension of payments from accident or unusual monetary stringency, be lenient and help him, thus making of him a friend."

Get in touch with your customers. Most people would like to know what a real credit man looks like. They have their doubts as to his ability to square his shoulders to the world, look them straight in the eye and reflect a smile of good fellowship.

And to the extent that the credit man is the best friend of the customer, and his most trusted friend, just to that extent will Mr. Credit Man get information which will make him a true prophet of future events in connection with his customer.

The new science of credit granting calls

for capabilities which come naturally from insight or through honest-to-goodness study. They cannot do as one set of business men was pictured as doing during the war. "They followed the habit of prairie dogs—when the weather was fine, they gambled about outside their holes, but the first cloud sent them scurrying into their holes to gaze out warily until all was clear—except a few cautious souls who never did come out, but spent all their time gazing warily."

The clouds of the new profession are here. Approach your applicant in all friendliness, but positively. Judge his characteristics, and verify your judgment by tactful, diplomatic pliance of questions. You classify your collection letters to fit certain types of debtors. Arrange your types in the beginning, and fewer accounts will be lost for lack of sufficient information. About 90% of the claims reaching the collection department last year proved addresses were incorrect.

Study the sciences relating to human action and reaction, cause and effect, character reading, and you as credit men will cause your clearance reports to reflect your customer's potentialities, and his future ability to meet his obligations.

In conclusion, I trust that I have been definite enough to show that a clearance report shall contain just what a credit man asks for in order to verify his conclusions. How to use it is a matter up to the individual credit man. When he gets a completed report, he must know how to say "Yes" or "No."

Further, I trust that I have been just general enough to "start something" from the floor which will through discussion give definite answers to your questions that may be bothering you individually.

In thanking you for your kindness throughout this discussion, I wish to say a word for your home bureau. Back it to the limit. Clear all your reports through your bureau. Eliminate the direct inquiry, for reasons too obvious to mention. The public is watching you and your bureau. Cast aside your personal prejudices, and if your bureau does not come up to what you feel it should, you yourself take an active hold in its work and shape its policies in accordance with your views as far as it is consistent with the general good. Many kickers are kickers only because they are too self-efficient to look into their local bureau and see by comparison what a wonderful organization you have. Omaha has done that, and that's why we are such a happy lot.

Co-operation is an overworked word. But the deadbeat will leave your town alone, and will not browbeat you if you are getting co-operation through your local organization.

Organize your town, organize yourself in accordance with the new order of things and your reports will clear themselves through your bureau to meet your needs.

## The Prevention of Bad Checks and Crime

By Major Charles C. McGovern, Pittsburgh, Penna.,  
before the Retail Credit Men's National  
Association Convention, Cleveland

SOME two hundred years ago there were almost one hundred crimes for which a man could be hanged. Notwithstanding this fact, crime was just as prevalent as it is today, and so far as the ravages of time go on crime will continue to prevail until the well-meaning but delinquent business man joins hands with the police departments of the country in order to lessen this condition by a modern system of crime prevention.

Police departments are expensive and usually inefficient for two reasons—first, they have a strong blend of politics and, secondly, they do not receive the proper support from the business men whom you gentlemen represent.

Now politics are slowly being eliminated from the average police department; some cities are far more advanced than others, but mostly all cities lack the proper understanding between the merchant and the directing police heads.

The average business man is always willing to find fault with the police. He talks about taxes—that he pays and gets no protection. His criticisms of the police help to ripen public prejudice often in minor matters.

The business man of tomorrow, if we are to reduce preventative crimes to a minimum, must get better acquainted with what the police department must have before they can either prevent crime or apprehend those who have broken the Law.

This understanding must be brought about largely thru the ingenuity of Associations such as this.

The policeman is a timid fellow; he is surrounded on every side by technicalities, overlapping laws, political interference, lack of efficiency and in many cases inexperience. The average policeman, however, is a good fellow, honest, efficient, wants to do the right thing but rather cautious with the average business man, who often asks him to do things not within his jurisdiction, and by this I mean he is asked to bring down the pressure of the criminal law to force the settlement of a civil claim, and this condition often brings him unjust criticism.

I am not familiar with the conditions in other States regarding the co-operation of the business men with the police departments, but I do know that in 1919 the Retail Credit Men's Association of Pittsburgh and the Pittsburgh Chamber of Commerce

started in to get closer and be of a greater help to the local police.

The Retail Credit Men of Pittsburgh put on the statute books of Pennsylvania an "N. S. F." check law that is a wonderful asset to the business man and which gives the police power of the State the right to go back a hundred years and put the man in jail who gives a check without sufficient funds in his bank.

In 1921 this Association requested from the police department that they be allowed a closer cooperation and be given more information regarding the many persons apprehended for passing worthless checks, with the result that the department suggested and put into operation the facilities for a Rogues Gallery in the Association rooms, to contain the pictures and descriptions of all bad check people carried in the city Rogues Gallery and all the new pictures that would from time to time be taken by the City.

This is a start. It is not all that can be done to help not only the prevention of large annual losses to the merchants but it is a start to prevent the ever increasing number of bad check people from working into your stores and carrying out, in many cases, both merchandise and cash money.

This gallery is not more than thirty inches square and six inches in depth. It will hold a thousand pictures. It can be placed on the end of the Retail Credit Men's weekly dinner table, and I am satisfied that when it becomes generally known that the Pittsburgh Retail Credit Men have this system the professional bad check man, especially the "floater", will be loathe to step into any store in the "Smoky City" and plank down his check, but I am sure of this if his "mug" is in possession of the National Bureau of Identification.

I'll say this further—you can't rush the average police department. You must take one thing at a time and show them where they can help you. You must help educate the average policeman that everywhere in the states he is created to prevent crime in the same measure as he is expected to apprehend the offender after the commission of crime.

In conclusion I must repeat and I can't too strongly recommend that the Retail Merchant get better acquainted with his local police department.

## Making the Credit Department a Business Producer

By W. H. J. Taylor, of Franklin Simon Co., New York

A well organized credit department is essential in all lines of retail business where credit is given because credit is the foundation stone of business. It is a vital factor of commerce the world over. A big business could not be successfully developed without it. Therefore, every merchant should realize the real position of the credit department as related to his business.

For many years the Retail Credit Man was regarded by his employer as a necessary evil and his office was looked upon as an expense instead of a source of profit. This attitude does not now exist to any great extent in progressive shops where trained credit men conduct the department but does exist in too many shops throughout the country because these merchants have not been able to see that their business must grow largely through the credit department and that the department is not a liability but an asset because it is a selling force.

One of the reasons why the credit department is not looked upon as a business producer is that Credit Men are often under supervision of the Head Office Manager or the Comptroller, who knows little or nothing about credit granting or the problems arising daily in the credit man's work. The real trouble, however, lies in the fact that the credit man is not given the status he deserves because he cannot easily show the results of his work. He might easily increase the business of his firm hundreds of thousands of dollars in one year and yet would have no way of proving it.

Making the Credit Department a producer of business does not mean it actually brings customers into the store or directly sells them merchandise, but the Credit Manager can easily stop them from buying on a charge account by refusing to pass favorably on their application for an account. Therefore, I have no hesitancy in making the statement that many credit men are forced by the attitude taken toward them by their employer or some other person in the matter of bad debt losses to check credits on the self-preservation plan, which means losses to their employer of thousands of dollars worth of business annually. They can safely do this because it is in rare cases only that the Credit Manager is questioned as to why he refused credit to a certain person, but there are too many cases where employers call the Credit Man into the private office and find fault with him whenever an account goes wrong. This causes the credit manager oftentimes to become dissatisfied and discouraged, due entirely to the fact that his employer is unable to see the good or bad results of his work. Therefore, it is not surprising that some employers look upon the Credit Department

as an unproductive force and an expense. Such attitude on the part of an employer works against his own best interests, and wherever this spirit prevails thousands of dollars are lost annually. This attitude is absolutely wrong and causes credit men to pass on accounts more from the viewpoint of how it is going to affect them personally instead of how it will affect the growth of business. Therefore, merchants everywhere should realize that the Credit Man is in a position to either materially increase the growth of their business or largely hinder its growth. The chief responsibility of the Credit Department is to turn merchandise into cash. Therefore, to look upon the department as being non-productive is absolutely wrong. Such reasoning is often the cause of so many business enterprises not being more productive.

The Credit Department should be co-equal in power with the Advertising and the Merchandise Departments. The Credit Manager should have a place either on the Board of Directors or an Executive Board which has to do with the general policy of the house, he should be consulted on all matters of general policy because of his coming daily in contact with the customers of the house. This enables him to hear criticism from customers about the house's policy which is often very valuable. Customers frequently call upon the Credit Manager requesting to have their accounts closed, because of some incivility on the part of a salesperson or some other employee, or because some complaint about merchandise not proving satisfactory has not been adjusted to their satisfaction, but through tact and courtesy on the part of the Credit Manager the customer has left the store feeling satisfied and the account saved. If employers will treat their Credit Managers fairly and generously they can and will easily prove to them that the Credit Department is not only a business getter but a business builder.

The Credit Manager should not be a cheap man but a man thoroughly versed in Credit Department work. First he should be a high class executive, one fully able to direct the work of the credit office staff and the work of the bookkeeping and collection departments. Next he should have personality and next to that ability to judge human nature. If he possesses all of these qualifications he can do more to build up the good will of his house than any other employee can. He must not be a grouch, for nobody wants to deal with a grouch.

A credit man big enough to meet the requirements I have just mentioned should be allowed to pursue a liberal policy so that he can increase the business of his firm. He

should be granted every needful facility for the prompt and efficient handling of the work, because the growth of the business must come largely through the Credit Department. When merchants fully realize this, then and not until then will Credit Men be looked upon as an asset and not a liability and receive higher remuneration for their work and the Credit Department looked upon as a selling force which means a producer of business. The merchant will then see to it that his credit manager associates himself with Local and National Credit Organizations, can afford to be liberal in the grantings of his Local Credit Association and keeps in close touch with all retail credit work.

Today Retail Credit Men, if they are members of Local Retail Credit Organizations, can afford to be liberal in the granting of credit. The risk is minimized because of their membership in their local association which guarantees them from all of its members' ledger experiences and other valuable data vital to the proper granting of credit. Such information gives the Credit Manager a better idea as to the bill paying habits of the prospective customer than he could ever get before Retail Credit Men's Organizations were in existence. Local Retail Credit Men's Organization and the Retail Credit Men's National Association are making the roads very rough travelling for the slow pay, the dead beat and the bad check artist.

We are living in an age where only trained men are successful. It does not pay for a man to know everything but every man should specialize in some kind of work, he should have a controlling idea in order to be a success. The successful man today is the one who singles out some special line of work and then devotes all of his time and energy to it. This class of men do not have to look for jobs—the jobs are looking for them because employment always goes to the man who knows how.

Miscellaneous uselessness is the cause of most men's failures because they waste time and energy on a variety of objects instead of concentrating on one. They are what is known as Jacks of all trades but masters of none. Incompetence is an ailment that bothers many men and keeps them from being successful.

The Credit Man who succeeds is one who makes a thorough study of his work and concentrates all of his energies on it. The granting of credit today is a profession, and only those who specialize in credit granting will get to the top and be able to stay there. His work is not a perfunctory task but one that calls for knowledge. He must have tact, vision and common sense and a pleasing personality. These qualifications in his makeup should predominate in order for him to be successful.

If you study a successful man, no matter what his line of work is, you will find the secret of his success lies in the fact that he

knows how to use his talents to the best advantage for his particular line of work. Men of this kind inspire confidence; they build up good will, which is the best asset a house can have. F. W. Woolworth valued his good will at fifty million dollars. Therefore, the right kind of a Credit Man can make the credit department not only a producer of business but a builder of good will—a most valuable asset.

In conclusion I want to say with all positiveness that our National Association to be successful in the coming year should devote most of its energies to the education of the merchant and not so much to his Credit Man, because when the merchant is sold on the idea that his Credit Department can be made a producer of business and is an asset and not a liability he will then insist that his credit manager take an active part in retail credit work in order that he may be in closer touch with what is taking place in the Credit field. I am satisfied in my own mind that every merchant wants his business to grow and is willing to make changes at any time for its betterment, but he must be shown how. Too many merchants have the wrong viewpoint as regards the relation of the Credit Department with the other departments of the house. They must be made to see that the Credit Department is one of the best selling forces and therefore a producer of business.

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When the ordinary layman goes to the assault of any one of our lawyer's pet legal works of art he must needs do so with some trepidation and expectation of being at the receiving end of a machine gun fire of legal lore and technical obstruction and so perforce must be well prepared with a good defensive argument. Good or bad. Gunpowder or saw-dust, we approach: but:

In order that the thought of the reader or hearer may be harmonized with the subject, we first ask that the strictly legal mind be not too sensitive to technicalities and that the subject be considered in a broad sense.

Starting from the premise that a bankrupt having arrived at that stage in his financial affairs which brought upon him this appellation has come within the perview of the court's inquisitorial powers and by that very status had either inferentially or actually strained his legal or common law relationship with his creditors we may almost class a bankrupt as in some measure, however slight, a criminal.

The old Mosaic law declared, "An eye for an eye and a tooth for a tooth", but did not mention anything about a dollar for a dollar. Shylock advanced his money on what he presumed definite terms but the pound of flesh was not allowed him with all it contained. The Master of Galilee said, "Go and sin no more," but the present bankruptcy act practically says, "You can go to it every five years." Taking it as an accepted fact that the act was invoked to release a debtor from an onerous and extremely burdensome financial condition, and from being a possible burden upon the community, are we also to believe that such a release was to be used as encouragement for its repetition and one calculated to inculcate into the mind of the debtor population a disregard for absolute right as between creditor and debtor?

We quite often hear the remark, "No white man will refuse to pay his just debts," and this without any qualification as to elapsed time, and it is this characteristic attitude displayed on the part of many unfortunate debtors who refuse to take bankruptcy that is the salvation and one of the mainstays of the confidence existing between credit grantors and purchasers, yet as now so oftentimes applied the encouraging thought that he will pay it some day, is rather nullified through the possibilities extended the debtor. Is therefore the disregard of an obligation as broadly considered to be adjudged in any sense a crime and if so shall it not be in a corresponding measure subject to some lawful regulation?

Not that we shall judge a debtor or bankrupt as a criminal per se, but must consider

it from a point of turpitude. Right is right, wrong is wrong. He is either guilty or innocent and legal minds are constantly at work differentiating and drawing lines of demarcation between points. Yes, it's perfectly, all right—but—well, I would not like to do it myself.

Not wrong, not criminal, but unfortunate. So are morons. All must be adjudged alike under the law, and weaknesses, either of mentality or natural lapses, are subject to a wise and helpful observation as a corrective or preventative of a recurrence.

"Criminal Negligence"; a term so often applied in damage suits; failure to use due care and diligence, also applied in civil action.

Shall it not be more closely inquired into that not only "criminal negligence" be absent but that due care and diligence in the use of creditors' funds or credit extensions be required both prior to and for a goodly period before final discharge?

Bankruptcy is financial weakness or untoward misfortune—one or both. Observation under probation may work some cures.

Allowing for the fact that we all as humans are subject to a natural cycle of opportunity, fortune and misfortune shall we say that the beneficiary in all instances shall be as it were always on one side of the fence. A bankrupt does not get into that condition with the exclusive use of his own money; he must owe others in a sufficient amount to bring him within the operation of either involuntary or voluntary consideration and it is from this misuse, misapplication, or failure of liquidation of other people's money that makes the bankrupt, as such, a trespasser upon his own honor as well as upon the cash of his fellows, making due allowance for unavoidable misfortune. Not to take a too pointed or radical view of present bankruptcy operations may we not nevertheless ask ourselves if it was in the mind of the proponents or drafters of the act or is now considered as one of its reasons for existence that a mechanic, clerk, laboring or professional subject shall invoke bankruptcy for the liquidation of his fifteen or sixteen hundred dollars worth of indebtedness every few years?

A check passer drawing upon a long known inadequate balance is seldom nowadays sent to jail and even a forger drawing upon a known extinct account or personality is quite often placed on probation, the sentence generally including the requirement that he make good on the checks passed and that he reimburse those whom he has defrauded, dollar for dollar, "an

## MIGHTY IN BUSINESS!



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eye for an eye and a tooth for a tooth," reporting to the court during the time necessary to liquidate.

Theft, assault and violations of the law along this line, particularly on first offense, are quite generally discharged on probation under an unspoken injunction, "go and sin no more," but with the reservation of, we will keep an eye on you for a while anyway.

The bankrupt, however, and those of the credit granting class know too keenly how often it is the case, may with the use of care and diligence that he do not trespass within the plain construction of the law, both in social and business status while the creditor holds the sack. What would be unfair in asking that a bankrupt having had his profit and loss slate wiped clean be from that time subjected to the same impartial inquisition in behavior as is applied to others? Subject to the discerning eye of the court upon a proper showing of fact as to debtors' real financial condition, earning capacity, habits and general behavior; relieved from the nagging of col-

lectors or the inconvenience of further hiding his substance, requiring only that should his health, earning capacity and general success allow of an apportionate liquidation of past accounts that a showing of fact in substantiation of such a requirement be held to be nothing but fair in all the premises and only what "a white man" would do or should be required to do in any case.

Place the subject on probation, financial probation, for a period of say three or five years and we would have fewer bankruptcy cases and a larger measure of liquidation through the referee's office and the very common suspicion that subject has either deliberately hidden or not uncovered some portion of his actual assets would be somewhat removed as such would hardly remain undiscovered during such a term and would only more definitely declare both the criminal and the honest man. "Eventually, why not now?"

With apologies to our good and mutual friend, Wm. Loewi, we remark, "Am I right?"

## Getting Down to the Real Point--- More Money for the Credit and Collection Dep't

By H. C. Delezenne, Credit Manager of Geo. A. Drake & Co., Detroit, Michigan

In a great many organizations the Sales Department is considered as the Production Department, and a corresponding importance is attached to it, together with a greater leniency in appropriations, salaries, expenses, and personal liberty.

The Sales Department consists of those directly concerned with a Sale. "What is a Sale"? According to the dictionary it is "An exchange of a product for a consideration." Therefore it is evident that the Credit Department is for the primary purpose of preventing unfinished sales. The Collection Department is for the primary purpose of finishing uncompleted sales. "The exchange of a product" is one-half of a sale, and the securing of the "consideration" is the other half, and your thought is solicited as to which part is most important. The exertion of real effort in collections is not necessary with a great many accounts, nor is the exertion of real effort necessary with a great many sales.

However, the Sales Department has always enjoyed greater privileges and advantages than the Credit and Collection Department, and this is due to the fact that the taking of an order is called a "Sale," even when it is later found to be but a transaction involving only the delivery of goods from one party to another, with no consideration being derived.

As soon as the Sales Departments realize that they are "knocking" the Sales Department when they "knock" the Credit and Collection Department, or do not give it

its proper consideration; and the sooner they realize that in so doing they are making a plea to give away the company's goods, instead of selling them, just that soon does the Credit and Collection Department of that organization become an object of respect and recognized as a very important branch of the production end.

Notwithstanding the fact that a sale is "The exchange of a product for a consideration," the question arises—"Who gets the most credit?"

"The salesman who brings in the \$1,000 order?"

or

"The Credit Department who prevents the giving away of the goods?"

or

"The Collector who collects the \$1,000?"

We all know who gets the most credit, but, why is this? Because most of what we know is gathered through our five senses. We hear and see a lot about the accomplishments of the Sales Department because the Sales Department is more versed in exploitation and better realizes its value than the Credit and Collection Department.

Again, as soon as the Sales Department considers the Credit and Collection Department a very important part of their own department; and as soon as the Credit and Collection Department learns a little more about Salesmanship, then the Credit and Collection Department will, and does, make more money, which is what most of us are driving at.

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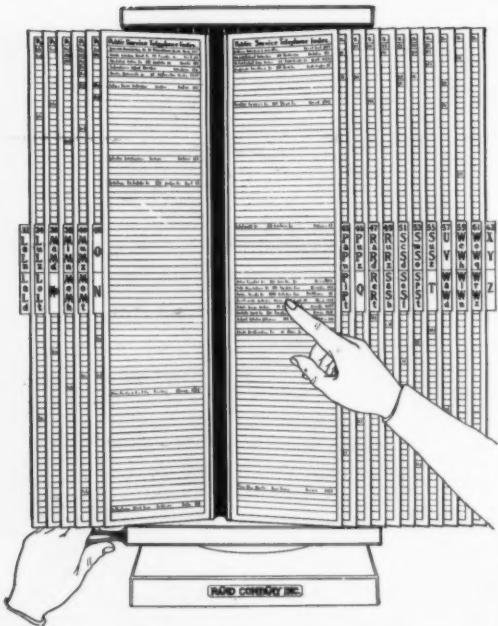


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